



# ***Daily Report***

---

## **China**

FBIS-CHI-94-063  
Friday  
1 April 1994

# Daily Report

## China

FBIS-CHI-94-063

### CONTENTS

1 April 1994

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

Envoy Explains PRC Stand to UN on DPRK Nuclear Issue [XINHUA] .....	1
Foreign Ministry Spokesman Views DPRK Nuclear Issue [CHINA DAILY 1 Apr] .....	1
UN Calls on DPRK To Cooperate on Nuclear Inspections [XINHUA] .....	1
UN Security Council Approves 3,500 More Troops for Bosnia [XINHUA] .....	2
ITAR-TASS Cited on ROK Foreign Minister's Moscow Visit [XINHUA] .....	2

##### United States & Canada

China Reportedly 'Willing To Be Helpful' on MFN [AFP] .....	3
Qian Qichen Meets, Fetes Cyrus Vance, Party [XINHUA] .....	3
XINHUA Notes U.S. Report on Trade Obligations Fulfillment .....	3
'Special Article' Sees Permanent Sino-U.S. MFN Status [ZHONGGUO TONGXUN SHE] .....	4

##### Northeast Asia

ROK Says Security Council Statement 'Appropriate' [XINHUA] .....	5
Forum Sees 'Bright' Prospects for Trade With ROK [CHINA DAILY 24 Mar] .....	5
Sino-ROK Seminar on Cooperation in Practical Technology [XINHUA] .....	6
Art Group Greeted by 'Hearty Applause' in Pyongyang [XINHUA] .....	6
Comparison to Qian Qichen Meeting ROK Foreign Minister .....	6
Comparison on Hosokawa News Conference in Beijing .....	6
Comparison to Li Peng, Hosokawa Hold Talks .....	7
XINHUA Replaces Item .....	7

##### Southeast Asia & Pacific

Li Ruihuan Rejoices at Sihanouk's Recovery From Illness [Beijing TV] .....	8
Li Ruihuan Meets, Fetes Cambodian King Sihanouk [XINHUA] .....	8
State Councillor Chen Junsheng Meets Western Samoan Guests [XINHUA] .....	9
'Roundup' Views Singapore Prime Minister's Burma Visit [XINHUA] .....	9
NPC Chairman Qiao Shi Meets Philippine Visitors [XINHUA] .....	10
Australian Foreign Minister's Meeting With Qian Delayed [Melbourne Radio] .....	10
New Zealand Prime Minister Meets Deng Nan-Led Delegation [XINHUA] .....	10

##### Near East & South Asia

Radio Reports Li Peng's Meeting With Ambassador [Dhaka Radio] .....	10
Egypt, China Sign Geology, Mineral Cooperation Protocol [XINHUA] .....	11
Israel Agrees To Dispatch Observers to Hebron [XINHUA] .....	11
Article Notes Kuwait's 'Uncertain' Future [XINHUA] .....	11
Correction to Rong, Qian Meet With Libyan Leader .....	12

##### Sub-Saharan Africa

Rong Yiren Meets Angolan Foreign Minister [XINHUA] .....	12
Qiao Shi Meets Benin Parliament Leader [XINHUA] .....	13
Rong Yiren Meets Benin National Assembly President [XINHUA] .....	13
Economic Joint Commission Session Planned With Nigeria [XINHUA] .....	13



China To Send Doctors, Medical Equipment to Madagascar [XINHUA] .....	14
South Africa Holds Trade Fair in Beijing [CHINA DAILY 23 Mar] .....	14
Office Equipment, Stationery Donated to Zambia College [XINHUA] .....	14

## West Europe

Finnish Prime Minister Says Helsinki Ready To Promote Ties [XINHUA] .....	15
Lufthansa Opens Shanghai-Frankfurt Route [XINHUA] .....	15
Qian Qichen, Icelandic Foreign Minister Hold Talks [XINHUA] .....	15
Rong Yiren Meets Icelandic Foreign Minister [XINHUA] .....	16
Shandong Governor Meets With Swedish Delegation [DAZHONG RIBAO 20 Mar] .....	16

## East Europe

XINHUA Notes Steps Toward Bosnian Croat-Muslim Federation .....	16
Croatian Delegation Visits Shenzhen, Discusses Economics [Zagreb Radio] .....	17
Qian Qichen Meets Croatian Deputy Foreign Minister [XINHUA] .....	17
Joint Polish Trade Committee Holds Session in Beijing [XINHUA] .....	17
Romania To Establish 'Permanent Presence' in Guangdong [ZHONGGUO XINWEN SHE] .....	17
Romanian President Praises PRC's Economic Achievements [XINHUA] .....	18

# NATIONAL AFFAIRS

## Political & Social

Authorities Ban Wei Jingsheng Seeing Foreign Journalists [Hong Kong SOUTH CHINA MORNING POST 1 Apr] .....	19
Pro-Democracy Activists Placed Under 'Strict Control' [Hong Kong LIEN HO PAO 1 Apr] .....	19
Article on Detentions During Hosokawa's China Visit [Hong Kong CHENG MING 1 Apr] .....	20
Poll Shows People Support Demonstrations When Necessary [Hong Kong MING PAO 1 Apr] .....	20
Cholera Epidemic Hit China in 1993, Killing 142 [AFP] .....	21
Minister Targets Corruption, Torture in Security Forces [ZHONGGUO XINWEN SHE] .....	21
Noted Academic Urges Giving Top Priority to Stability [ZHONGGUO XINWEN SHE] .....	21
Paper Cites Internal-Circulation Police Handbook [Hong Kong EASTERN EXPRESS 1 Apr] .....	22
Deng's Daughter Pursues Publishers of Pirated Biography [Hong Kong EASTERN EXPRESS 1 Apr] .....	23
Code for Appraisal of Government Workers Introduced [CHINA DAILY 1 Apr] .....	23
Air China Drafts New 'Standards' for Delayed Passengers [XINHUA] .....	24
Younger Clergy Involved in Religious Affairs in Beijing [XINHUA] .....	24
Report on Central Leaders' Activities 25-31 Mar [XINHUA, etc.] .....	25
Hainan Succeeds in Anticorruption Work [RENMIN RIBAO 27 Mar] .....	25
Report on Economic, Social Plans [XINHUA] .....	27
Supreme Procuratorate Work Report to NPC [XINHUA] .....	37

## Economic & Agricultural

'Commentary' Deplores 'Alarming' Losses of State Enterprise [AFP] .....	46
Ministry Announces Top 500 Enterprises in Foreign Trade [XINHUA] .....	47
Government Launches Crackdown on Tax Evasion [CHINA DAILY 1 Apr] .....	47
China To Spend 20 Billion Yuan on Highways, Railroads [Hong Kong LIEN HO PAO 31 Mar] ..	48
World Bank, ADB Loans Assist Chemical Industry [XINHUA] .....	48
Regulations on International Economic Cooperation Fund [GUOJI SHANGBAO 2 Mar] .....	49
Foreign Exchange System Change Said Sparking Controversy [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 1 Apr] .....	50
CCTV Lecture on Characteristics of Value-Added Tax [Beijing TV] .....	51
State-Run Telecommunications Industry To Be Commercialized [Hong Kong EASTERN EXPRESS 1 Apr] .....	52
Public Ownership Affirmed as Mainstay [RENMIN RIBAO 25 Mar] .....	52
Official Interviewed on Gold Industry [Hong Kong CHING CHI TAO PAO 21 Mar] .....	56
PRC Trade Union Role in Market Economy Viewed [ZHONGGUO XINWEN SHE] .....	58

## REGIONAL AFFAIRS

### East Region

Anhui Congress Standing Committee Session Ends [Hefei Radio] .....	60
Anhui Leads Nation in 36 Confirmed Mineral Deposits [ANHUI RIBAO 8 Mar] .....	60
Briefing on Anhui Economic Situation in 1993 [ANHUI RIBAO 9 Feb] .....	61
ANHUI RIBAO Commentary on Foreign Investment [2 Feb] .....	63
Jiangsu Banker on Banking Reform [XINHUA RIBAO 6 Feb] .....	64
Jiangxi Secretary Mao Zhiyong Views Agriculture [Nanchang Radio] .....	65
Shandong Procuratorate Work Report [DAZHONG RIBAO 5 Mar] .....	67
Shandong People's Court Work Report [DAZHONG RIBAO 5 Mar] .....	68
Shandong Economic Development Communique [DAZHONG RIBAO 28 Feb] .....	69
Zhejiang's Li Zemin on Grain Production [ZHEJIANG RIBAO 5 Feb] .....	76
Zhejiang Land Administration Measures [ZHEJIANG RIBAO 2 Feb] .....	79

### Central-South Region

Guangdong Tightens Factory Fire Safety Regulations [Hong Kong SOUTH CHINA MORNING POST 31 Mar] .....	88
Six Convicted Drug Traffickers Executed in Guangzhou [Guangzhou Radio] .....	88
Guangzhou Reportedly To Quicken Sale of State Enterprises [Hong Kong TA KUNG PAO 10 Mar] .....	88
Hubei Governor Delivers Government Work Report [Wuhan Radio] .....	89

### TAIWAN

Next Cross-Strait Talks Scheduled for Taipei 'Late April' [CNA] .....	91
MAC Official on GATT Membership, Cross-Strait Trade [Taipei Radio] .....	91
Taipei To Establish Antipiracy Union [CNA] .....	91
Belgian Bank Opens Representative Office in Taipei [CNA] .....	91
Editorial Calls on China To Abandon 'Big Brother Mentality' [Taipei CHINA POST 16 Feb] .....	92

### HONG KONG & MACAO

#### Hong Kong

Governments To Try To Control Level of Home Prices [Hong Kong SOUTH CHINA MORNING POST 1 Apr] .....	93
Survey Warns of 'Exodus' 'If Things Go Badly' After 1997 [Hong Kong HONGKONG STANDARD 1 Apr] .....	94
RENMIN RIBAO Rejects UK White Paper on Talks [18 Mar] .....	94
RENMIN RIBAO Further Criticizes UK White Paper [18 Mar] .....	98

#### Macao

Macao Marks 1st Anniversary of Issuing SAR Basic Law [XINHUA] .....	100
---	-----

## General

### Envoy Explains PRC Stand to UN on DPRK Nuclear Issue

OW0104112094 Beijing XINHUA Domestic Service in Chinese 0818 GMT 1 Apr 94

[Text] United Nations, March 31 (XINHUA)—The UN Security Council issued a presidential statement today, calling on the DPRK to adopt a cooperative approach on the issue of nuclear inspection.

In the statement the UN Security Council urged the DPRK to fulfill its obligations under the nuclear safeguards agreement it signed with the International Atomic Energy Agency [IAEA] and the Nuclear Nonproliferation Treaty by allowing IAEA inspectors to carry out the inspections agreed by the two sides on 15 February 1994.

The statement also urged the DPRK to resume dialogue with the ROK or member states of the UN Security Council in order to reach an agreement with the ROK and IAEA on the implementation of the Declaration of the Denuclearization of the Korean peninsula.

In a speech at UN Security Council consultations today, Chen Jian, Chinese deputy permanent representative to the United Nations, gave a full account of China's stand on finding a political solution to the Korean nuclear issue.

Chen Jian said: On the Korean nuclear issue, China's consistent two aims are denuclearization of the Korean peninsula and the safeguarding and maintenance of peace and stability in the region. Therefore, every action the international community takes ought to be conducive to these two aims. Practice has shown that the three bilateral dialogue and negotiations involving the four parties represent the fundamental way for settling the Korean nuclear issue. Any threat or pressure would only intensify contradictions and thus have a destructive effect.

He said that thanks to the concerted efforts of all the parties concerned, many positive factors emerged earlier in regard to the Korean nuclear issue. Of late, some new difficulties have appeared concerning the issue of inspection of the DPRK's nuclear facilities. These are difficulties amid continuous progress. So long as the parties concerned remain calm and patient, the problems can be solved properly. The Chinese delegation believes that it is essential now to create a good atmosphere and an environment of relaxation [kuan song huan jing 1401 2646 3883 1064] so that the parties concerned can resume the three bilateral talks involving four parties.

### Foreign Ministry Spokesman Views DPRK Nuclear Issue

IIK0104044094 Beijing CHINA DAILY in English 1 Apr 94 p 1

[By staff reporter Xu Yang: "Call for Moderation on Nukes"]

[Excerpt] China favours a "moderately-worded and constructive" presidential statement from the UN Security Council on the Korean nuclear issue, a spokesman for the Ministry of Foreign Affairs said yesterday.

China has said it cannot approve the UN Security Council resolution on the issue and believes patient dialogue is the best way to handle the crisis.

Wu said the government firmly supports a presidential statement, adding that exerting pressure will only heighten tensions.

He also said that ROK President Kim Yong-sam's recent visit to China was "very successful."

During his visit, leaders of both countries called for more cooperation, particularly in trade.

Both sides also agreed that:

- Maintenance of peace and stability in the Korean Peninsula is essential.

- A settlement must be reached through dialogue.

- Increased tension and world pressure must be avoided.

Wu said China opposed any action that might jeopardize peace and stability in the region, including military exercises or the deployment of Patriot missiles.

China would continue to develop friendly relations with both the Democratic People's Republic of Korea (DPRK) and ROK on the basis of the Five Principles of Peaceful Co-existence. [passage omitted]

### UN Calls on DPRK To Cooperate on Nuclear Inspections

OW0104041894 Beijing XINHUA in English 0355 GMT 1 Apr 94

[Text] United Nations, March 31 (XINHUA)—The UN Security Council issued a presidential statement today, calling on the Democratic People's Republic of Korea (DPRK) to cooperate in the international inspection of its nuclear sites.

The council urged DPRK to allow IAEA (the International Atomic Energy Agency) inspectors to complete the inspection activities agreed by the two sides last month.

IAEA reported to the council earlier this month that because of DPRK's objection, it was unable to draw



conclusions as to whether there has been either diversion of nuclear material or reprocessing or other operations.

But DPRK argued that the inspections required by IAEA were beyond the line agreed upon by the two sides last month.

The council also appealed to those member states engaged in dialogue with DPRK to continue their dialogue in accordance with the agreement.

The United States, Britain and France at first insisted on using warning languages in either a resolution or a statement but met strong opposition from China, which said that anything done by the council should be mild and constructive and that any pressure against DPRK would be counterproductive.

China's position got support from the 10 non-permanent member countries, which argued that since China was a next-door neighbor of DPRK, its observations should be respected.

After several days of heated debate, the council at last reached consensus on the statement which contained most of China's suggestions.

#### **UN Security Council Approves 3,500 More Troops for Bosnia**

*OW0104051094 Beijing XINHUA in English  
0441 GMT 1 Apr 94*

[Text] United Nations, March 31 (XINHUA)—The Security Council voted unanimously today to extend UN operations in the former Yugoslavia by six months and increase troop strength by 3,500.

The United Nations Protection Force, which was established in February 1992, now has 31,335 peacekeepers in the region.

With cease-fires achieved by Muslims and Serbs in Sarajevo and by Muslims and Croats in central Bosnia, the United Nations needs more troops in Bosnia to help maintain the peace.

The number of troops approved by the council today fell far short of the 8,500 called for by Secretary-General Butrus Butrus-Ghali. This was partly because the United States is already overextended in financing the operation.

U.S. Deputy Ambassador Edward Walker told the council that the American concern has been to "ensure that the financial resources are available to sustain this vital operation."

The United States, which pays about 30 percent of the cost of all peacekeeping missions, already owes more than 80 million for UN operations in the former Yugoslavia.

Besides authorizing more troops for Bosnia, the resolution also asks NATO to extend air cover for UN troops in Croatia.

The Chinese delegation expressed its concern over the use of air cover for UN troops. "With regard to the question of close air support over the territory of the Republic of Croatia, the Security Council should act prudently," said Chen Jian, Chinese deputy representative.

"It has been stated repeatedly by the secretary-general's special representative on the former Yugoslavia that air support should only be used to ensure the safety of UN personnel in the performance of its mandate and for self-defense, rather than using excessive force for punitive purpose," he added.

#### **ITAR-TASS Cited on ROK Foreign Minister's Moscow Visit**

*OW3103141994 Beijing XINHUA in English  
1330 GMT 31 Mar 94*

[Text] Moscow, March 31 (XINHUA)—South Korean Foreign Minister Han Sung-chu is expected to visit Moscow soon to prepare for a South Korean-Russian summit meeting, the ITAR-TASS NEWS AGENCY reported today.

The summit, probably scheduled for June between South Korean President Kim Yong-sam and Russian President Boris Yeltsin, is expected to focus on bilateral relations and the nuclear issue on the Korean peninsula.

Han is currently visiting the United States and plans to fly to Moscow around April 10.

Although the announcement of Han's Moscow trip was announced suddenly by the South Korean president, Seoul says it is not connected in any way with the results of the Chinese-South Korean talks which ended Wednesday [30 March].

The ITAR-TASS quoted Kim Yong-sam's associates as saying that Russia, the United States, Japan, China, are the four countries which Seoul considers important in the settlement of the nuclear problem.

Russia and South Korea have held numerous consultations at different diplomatic levels about the security problem on the Korean peninsula, but now it is time for their heads of state to discuss the problem, the ITAR-TASS said.

South Korea has refrained from supporting Moscow's idea of holding an international conference on the nuclear problem on the Korean peninsula with the participation of all the countries concerned, the news agency said.



## United States & Canada

### China Reportedly 'Willing To Be Helpful' on MFN

HK0104111394 Hong Kong AFP in English 1059 GMT 1 Apr 94

[Text] Hong Kong, April 1 (AFP)—China has signalled that it is ready to make concessions to sustain its most-favored-nation (MFN) trading privileges with the United States, a US business leader in Hong Kong said Friday. Gerald Murdock, chairman of the American Chamber of Commerce in Hong Kong, who returned from two days of meetings in Beijing, said the Chinese officials he met did not specify what precise steps they might take. But he said the officials—including Li Lan-qing, vice premier in charge of foreign trade—indicated they were "willing to be helpful," so long as the steps taken fell in line with Chinese law.

"I don't think they'd describe it as concessions, but they did give us the impression that they're willing to be helpful to the (MFN renewal) process within the framework of Chinese law," Murdock told AFP. "I interpret that as meaning there would be some action on the Chinese part that would make (President Bill Clinton's) decision to renew easier," he said. Asked when China might act, Murdock replied: "It's got to be soon. They don't have much time left."

Clinton is to decide by June whether to maintain MFN for China, after declaring a year ago that renewal would depend on "overall, significant progress" in human rights. While the United States extends MFN status to nearly all its trading partners, many US congressmen are still in favor of revoking it in China's case, five years after the Beijing massacre of pro-democracy activists. Earlier this week, the US Assistant Secretary of State for East Asia and Pacific affairs, Winston Lord, suggested that MFN might be revoked on a limited basis, with state-owned exporters targeted.

But Murdock said: "There is a better understanding by the Chinese side of how the US side feels about this issue, how it should approach it and what (Washington) is looking for."

The American Chamber, with about 325 corporate members, is in favor of China keeping its MFN status, saying the continued presence of US business in the country can help guarantee human rights in the long run. Murdock and other chamber members are to be in Washington on May 2-5 to urge legislators to support MFN renewal, in a mission that will dovetail with a similar lobbying effort by Hong Kong Governor Chris Patten's deputy, Chief Secretary Anson Chan.

### Qian Qichen Meets, Fetes Cyrus Vance, Party

OW0104092894 Beijing XINHUA in English 0919 GMT 1 Apr 94

[Text] Beijing, April 1 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here today with Cyrus Vance, former U.S. secretary of state.

They cordially exchanged views on Sino-U.S. relations and other international issues of mutual concern.

Qian said that China and the U.S., as big countries in the world, should forge a normal and stable relationship, which will be in the fundamental interest of both peoples.

He expressed his appreciation of Vance's contributions to the development of Sino-U.S. relations during the time when he was U.S. secretary of state and now as co-chairman of the America-China Society.

Vance said that the U.S. and China share common interests on wide-ranging issues and the two countries' economies are highly complementary, adding that it is necessary for the two countries to strengthen dialogues on major strategic issues within a larger scope.

Chinese Vice-Foreign Minister Liu Huaqiu, former U.S. Deputy Secretary of State John Whitehead, and U.S. Ambassador to China Stapleton Roy were present.

After the meeting Qian hosted a banquet in honor of Vance and his party, who arrived here on a goodwill visit at the invitation of the Chinese Foreign Ministry.

### XINHUA Notes U.S. Report on Trade Obligations Fulfillment

OW3103224994 Beijing XINHUA in English 2109 GMT 31 Mar 94

[Text] Washington, March 31 (XINHUA)—The Clinton administration said here today that China has taken "important steps" to fulfill "most of the obligations" that the country incurred in 1992 agreements with the United States.

The National Trade Estimate Report, the ninth of its kind and released here today, said that by the end of 1993, "China had committed to substantial improvement of transparency" of its import approval process.

"Permission to import products now subject to quotas or quantitative restrictions appears to be considerably simple and more transparent than it was in the past," the report said.

China, the report said, had streamlined its import approval process for industrial goods, and eliminated "a substantial number of industrial products—particularly in the machinery and electronics sectors."

The 280-page annual report, compiled by the office of U.S. Trade Representative (USTR), listed a wide range of trade barriers maintained by 39 U.S. trading partners.

In its special 14-page chapter on China, the report called the U.S.-China trade consultations in 1992, which covered implementation of market access agreement, intellectual property rights enforcement and market access for services and textile, a success.

According to the USTR, U.S. trade deficit with China in 1993 was 22.8 billion U.S. dollars. U.S. merchandise exports to China were 8.8 billion dollars last year, up 1.3 billion dollars from the year before.

The stock of U.S. direct investment in China was 469 million dollars in 1992. Pledged U.S. investment in China in 1993 stood at seven billion dollars. Actual on the ground committed investment stood at three billion dollars.

In 1992 agreements with the U.S., China agreed to dismantle almost 90 percent of its non-tariff import restrictions in five years and to publish either the quantity or value of any products subject to quantitative restrictions.

#### 'Special Article' Sees Permanent Sino-U.S. MFN Status

HK2503124894 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0703 GMT 20 Mar 94

["Special article" by reporter He Chong (6320 3095): "It Is Historically Inevitable That China and the United States Will Permanently Grant Preferential Trading Status to Each Other"]

[Text] Hong Kong, 20 Mar (ZHONGGUO TONGXUN SHE)—Prior to and following U.S. Secretary of State Warren Christopher's visit, China unceasingly criticized the United States for interfering in its internal affairs on the pretext of human rights and stated that it would absolutely not accept the question of the most favored nation [MFN] status being lumped in with the human rights issue. For this reason, many pessimists hold that China will most probably not have its MFN status renewed this year. However, some optimists argue that China's tough stance reflects the huge changes in the international situation and that China is confident and will definitely have its MFN status renewed. They maintain that it is even possible that China will obtain permanent MFN status, ending once and for all the big issue over which China has to quarrel, deal, and bargain over with the United States every year.

Diplomatic struggles are based on strength. China today is able to struggle with the United States. Let us look at how the West evaluates China's strength. The *ECONOMIST*, a British magazine, worked out for the first time in November 1992 that China's GNP was more or less the same as that of Germany that year and ranked third, coming next only to those of United States and Japan. Estimating China's economic scale with the purchasing power parity method for the first time in 1993, the U.S. *Land* [Jan de 5695 1795] Company worked out that China's GNP ranked second or third in the world.

Articles carried in *FOREIGN AFFAIRS*, an American quarterly, even argued that China's overall economic strength will surpass that of the United States and rank first in the world by the year 2020.

It is from political motives that Western countries and international organizations intentionally belittled China's economic strength in the past and then are suddenly exaggerating China's strength now. Therefore, Beijing expresses its distrust and will not accept the title "super economic power." However, the various calculations above also have scientific evidence and reflect China's increasingly strong economy after years of great efforts. According to Beijing, China's foreign trade volume exceeded \$190 billion last year and is expected to grow at an average annual rate of 20 percent. In the next seven years, China will import \$1 trillion of commercial equipment and thus become Asia's largest market. Nowadays, Japan, Germany, France, Italy, Australia, and others are vying to develop trading relations with China. Can the United States then cancel China's MFN status and exclude itself from China's market?

In fact, since shortly after he became president, Clinton has paid special attention to China and has repeatedly revised the China policy he put forward during the presidential election campaign. Last July, his think tank compiled a research report on foreign affairs, stating that the rate of Asia's economic growth was quicker than that of the United States and Europe and that U.S. exports to Asia ranked first. Therefore, the report proposed that the United States shift its economic and foreign affairs strategy from Europe to Asia and change the "containment policy" for socialist countries to the "market expansion strategy" to serve its economic revival. As for its strategy for Asia, China, the locomotive of Asia's economic development in recent years, will become the focal point for U.S. "market expansion." Therefore, in the name of calling the Asia-Pacific Economic Cooperation Summit, Clinton invited China's State President Jiang Zemin and held the first Sino-U.S. summit to jointly confirm norms for China and the United States to develop friendly and cooperative relations. If Clinton cancels China's MFN trading status over the human rights question, it also means that the United States will lose its MFN status granted by China and that their bilateral trade will retrogress. More importantly, the "market expansion strategy," which focuses on Asia, planned by Clinton through extraordinarily painstaking efforts, will "go bust before it is ever implemented." Being the president of a superpower, how much face will he have if his strategy ends up this way?

If China and the United States lose MFN trading status at the same time, U.S. losses will absolutely not be "an insect bite" as some critics put it. According to statistics, last year, U.S. exports to China came to \$8.76 billion and 170,000 job opportunities were thus created. If trade develops in a normal way and if China is willing to reduce the trade surplus, it will probably reach \$40 billion this year, U.S. exports will be nearly \$20 billion, and 400,000 job opportunities will be created for the



United States. Moreover, it will offer a big market for its depression-stricken airplane, automobile, chemical, telecommunications, and service industries. If a trade war begins, the United States will not only suffer from its nearly \$20-billion exports. Its real losses cannot be estimated lightly. Will Clinton, who is currently troubled by the Whitewater incident, be loathe to incur attacks from industrialists and businessmen? Will he?

It seems that U.S. "human rights diplomacy" is a double-edged sword which will hurt others as well as itself. Some White House advisers proposed to Clinton that by granting China permanent MFN status, the president will be able to get rid of the limitations from Congress, thus avoiding bargaining with some Congressmen over the question of renewing China's MFN status between March and June each year in exchange for interests on other bills. If this is true, the permanent mutual granting of the favor will become an inevitable historical trend.

### Northeast Asia

#### ROK Says Security Council Statement 'Appropriate'

OW0104082394 Beijing XINHUA in English 0801 GMT 1 Apr 94

[Text] Seoul, April 1 (XINHUA)—South Korea said today that the statement of the United Nations Security Council on Pyongyang's nuclear issue is "an appropriate action".

Foreign Ministry spokesman Chang Ki-ho said in a statement, "the (South Korean) Government urges North Korea to take due note of such concern and will of the international community and come forth positively on the terms of the presidential statement."

On Thursday, president of the U.N. Security Council Jean-Bernard Merimee issued a statement in New York, urging the Democratic People's Republic of Korea (DPRK) to allow the International Atomic Energy Agency (IAEA) to complete its inspection of Pyongyang's nuclear facilities.

The 15-member U.N. Security Council adopted the statement by consensus without a vote. The statement is not legally binding and does not carry the same weight as a resolution which requires a vote.

"The council has decided to remain actively interested in the matter and further Security Council consideration will take place if necessary in order to achieve full implementation of the IAEA-DPRK safeguards agreement," the spokesman said.

He also said that South Korea "plans to continue with all possible efforts for an early solution to the North Korean nuclear issue through peaceful means in concert with all nations seeking nuclear non-proliferation." The IAEA and the DPRK have been engaged in a row recently over

the inspection of the latter's nuclear sites. The Vienna-based IAEA claimed that Pyongyang rejected full inspection while the DPRK said that it met the IAEA's demands.

On March 21, the IAEA's board of governors adopted a resolution referring the DPRK's nuclear dispute to the U.N. Security Council.

#### Forum Sees 'Bright' Prospects for Trade With ROK

HK2403102294 Beijing CHINA DAILY in English 24 Mar 94 p 2

[By staff reporter Qiu Qi: "Forum Says Trade with South Korea Looks Bright"]

[Text] Trade relations between China and South Korea are looking bright, participants at a forum concluded yesterday.

The Sino-South Korean economic co-operation seminar held in Beijing outlined an optimistic trading future between the two neighbours.

"The economic exchanges between the two countries play a key role in promoting the overall development of Northeast Asia," said Yi Hyon-chae, former prime minister of South Korea.

Lee added that South Korea is eager to strengthen co-operation between the two sides on the basis of mutual benefit.

The government, he said, encourages more enterprises to invest in China and is willing to transfer technology to the mainland.

Zheng Dunxun, President of China Chemicals Import and Export Corporation, said the two economies can benefit from trading.

South Korea mainly exports capital-intensive products to China such as automobiles, ships and electronic goods, while it imports labour-intensive goods like raw materials, crude oil and cereals from China.

China has become South Korea's third largest trading partner and South Korea is the fourth largest recipient of Chinese goods (not including shipments through Taiwan and Hong Kong).

Last year, trade volume between the two was \$8.22 billion, a 63.5 percent rise over the previous year, Zheng said.

China National Chemical Import and Export Corporation established a branch office in South Korea in 1992, one of the first Chinese enterprises to do so.

Since then, 36 Chinese companies have set up branches in South Korea. And almost 100 South Korean firms have offices on the mainland.

Through last September, the eastern neighbour invested \$1.5 billion in the mainland in 2,153 projects.

#### **Sino-ROK Seminar on Cooperation in Practical Technology**

*OW2403115294 Beijing XINHUA in English 1127 GMT 24 Mar 94*

[Text] Beijing, March 24 (XINHUA)—A Sino-ROK (the Republic of Korea) seminar on cooperation and joint investment for commercialization of practical technology will be held in Beijing from April 4 to 7.

Co-sponsored by China's State Science and Technology Commission (SSTC) and ROK's Ministry of Trade Industry and Energy, the seminar aims to promote commercialization of Chinese practical technology and help Korean enterprises invest in China.

An official of the SSTC said that about 500 Chinese projects and 150 Korean projects have so far been offered to the seminar for negotiation.

He said that the two countries have shown interest in projects in such fields as machinery, electronics and chemical industry.

He said that last year the two countries exchanged visits and inspections and collected projects for negotiation for the forthcoming seminar.

#### **Art Group Greeted by 'Hearty Applause' in Pyongyang**

*OW2403153494 Beijing XINHUA in English 1518 GMT 24 Mar 94*

[Text] Pyongyang, March 24, (XINHUA)—A Chinese art group today staged a performance of songs and dances with strong northwest characteristics at Pyongyang's Grand Theater in the Democratic People's Republic of Korea (DPRK).

It was well received by its Korean audience and Chang Chol, vice premier and the minister of culture and arts described the performances, which received hearty applause, as very good.

The vice premier added: "The premiere was very successful from an ideological level while the artistic level and talents of the actors and actresses was simply outstanding."

The Chinese art group, part of the Lanzhou Military Song and Dance Formation, are in DPRK to take part in the country's 12th "Spring of April" arts festival.

Apart from participating in the arts festival, the group will perform in Kaesong and Hamhung.

#### **Comparison to Qian Qichen Meeting ROK Foreign Minister**

*OW2803145894*

Beijing XINHUA Domestic Service in Chinese at 1313 GMT on 28 March transmits a 562-character report on Qian Qichen, PRC vice premier and foreign minister, meeting with ROK Foreign Minister Han Sung-chu in Beijing on 28 March.

The Chinese version has been compared to the XINHUA English version entitled "Qian Qichen, ROK Foreign Minister Discuss Nuclear Issue" published on pages 13 and 14 in the 28 March China Daily Report, revealing the following variations:

Page 13, column two, paragraph nine, second sentence, reads: ...importance to resume negotiations within a trilateral framework involving the four sides [as received] so as to properly solve the problem. [new graf] ... (adding passage, rephrasing).

Page 14, column one, first full paragraph, only sentence, reads: ...to the issue.

Assistant Foreign Minister Wang Shifan; Zhang Tingting, PRC ambassador to the ROK; and ROK Ambassador to China Hwang Pyong-tae were present at the meeting.

This afternoon, Song... (adding paragraph).

Page 14, column one, paragraph two, first sentence, reads: ...science and technology in Zhongnanhai. The two sides exchanged views on... (adding "in Zhongnanhai" and "sides.")

Page 14, column one, paragraph three, only sentence, reads: ...industry and resources at the Diaoyutai Guesthouse this afternoon, during which they... (adding "at the Diaoyutai Guesthouse this afternoon.")

#### **Comparison on Hosokawa News Conference in Beijing**

*OW2003213394*

Beijing XINHUA Domestic Service in Chinese at 1450 GMT on 20 March carries a 867-character report on Japanese Prime Minister Hosokawa holding a news conference in Beijing.

The Chinese version has been compared with the XINHUA English version published on pages 21, 22 of the 21 March China Daily Report, revealing the following variations:

Page 21, column two, paragraph six, only sentence reads: ...importance to them.

He said the relationship between the two countries has entered a new stage following the 20th anniversary of the



normalization of diplomatic relations and the 15th anniversary of the signing of the Treaty of Peace and Friendship between Japan and China. During this period, His Majesty the Emperor and Her Majesty the Empress have visited China.

He said the... (rewording, adding new material.)

Same page, same column, paragraph eight, only sentence reads: ...relations very well.

He said: "We are willing to further develop Japanese-Chinese relations into a kind of relationship that looks toward the future and that makes contributions to the world."

"China's reform and opening policy have not only made contributions to China itself, but also to peace and prosperity in this region. Therefore, Japan will try its best to give support to the efforts that China has made.

The two countries... (adding paragraph, rewording).

Same page, same column, paragraph eleven, only sentence reads: ...The signing of the agreement on environmental protection cooperation between the two countries during the visit is of profound significance in terms of the cooperation between the two countries, he noted.

When touching on the economic and trade cooperation between the two countries, Hosokawa said he was pleased with the great expansion of Japanese trade and investment in China. He said: There are broad prospects for such cooperation. We have decided that Japan and China will make joint efforts to further develop economic relations between the two countries in the future.

Therefore, both sides have decided to cooperate on an important venue in the two countries' history of cultural exchanges—protection work on the Kaiyuan Palace in the ancient Tang Dynasty city of Changan.

Hosokawa said that...rewording three paragraphs.

Page 22, column one, paragraph three, only sentence reads: ...Hosokawa said that the DPRK nuclear issue is a major issue that concerns security guarantees for North-east Asia. Both sides share the same view on this point. Both sides reaffirm the importance of the two countries' keeping close contacts to solve this issue.

He looked back on his inauguration speech last August, in which he said he would deal seriously with events in the past. During the talks, he also explained to President Jiang Zemin and Premier Li Peng that due to its soul-searching regarding the past, Japan will make greater efforts to develop a forward-looking Japanese-Chinese relationship in the future. [new graf]

Hosokawa pointed out that although his current visit was a short one, he saw with his own eyes the great changes that have taken place in China and that he was deeply impressed with the Chinese peoples' confidence in the future. He added that he will visit Shanghai tomorrow

and go to see the Pudong Development Zone—the symbol of China's reform and opening up. ... (rewording last three grafts, adding final sentence).

#### Comparison to Li Peng, Hosokawa Hold Talks OW2003114894

Beijing XINHUA Domestic Service in Chinese at 0934 GMT on 20 March carries a 1612-character report on Li Peng's meeting with Japanese Prime Minister Hosokawa.

The Chinese version has been compared to the XINHUA English version entitled "Li Peng, Japan's Hosokawa Hold Talks" published on pages 10-12 in the 21 March China Daily Report, revealing the following variations:

Page 10, column two, paragraph 11, sentence one reads: ...these remarks during his talks with visiting Japanese Prime Minister Morihiro Hosokawa here this morning. ... (deleting words)

Page 12, column one, paragraph three, only sentence reads: ...issue should be properly solved through dialogues... (adding the word "properly.")

Page 12, column one, paragraph four, only sentence reads: ...He expressed his anxiety [you lu (1992 1982)] and worry about the current development of the issue.

The meeting was held in a sincere, friendly [cheng zhi you hao 6134 2304 0645 1170] atmosphere.

He made these... (adding word "anxiety" and new paragraph, providing STCs.)

Page 12, column one, paragraph five, only sentence reads: ...ambassador to China.

After the talks, Premier Li Peng and Prime Minister Morihiro Hosokawa attended a signing ceremony for an agreement on environment protection between the Chinese and Japanese Governments. ... (adding new paragraph).

#### XINHUA Replaces Item

OW2003165794

Beijing XINHUA Domestic Service in Chinese at 1404 GMT on 20 March carries a service message killing a 1612-character item transmitted at 0934 GMT on 20 March and replacing it with a 1731-character item. Earlier Chinese item was filed as a comparison FY1 [above item] to the XINHUA English version entitled "Li Peng, Japan's Hosokawa Hold Talks" published on pages 10-12 of the 21 March China Daily Report.

A comparison of the replacement Chinese version with both the XINHUA English and previous XINHUA Chinese items reveal the following variations:

XINHUA English version, page 12, column one, paragraph four, only sentence reads: ...of the issue.

During the talks, Prime Minister Hosokawa invited Premier Li Peng to visit Japan. He said to Li Peng, "I am expecting to meet you again in Japan."

Li Peng expressed his appreciation for the invitation. He said that a specific time for the visit would be coordinated through diplomatic channels.

Among those present... (adding two new paragraphs).

### Southeast Asia & Pacific

#### Li Ruihuan Rejoices at Sihanouk's Recovery From Illness

OW3103140894 Beijing Central Television Program  
One Network in Mandarin 1122 GMT 31 Mar 94

[Announcer-read "flash news" report over the video; from the "National News Hookup" program]

[Text] [Video opens with a medium-range shot of bald-headed Sihanouk, walking briskly toward Li Ruihuan to shake hands with and embrace him; smiling and cheerful, Sihanouk steps forward to shake hands with other Chinese officials; except for the baldness, he appears healthy] Li Ruihuan, chairman of the Chinese People's Political Consultative Conference National Committee, met His Majesty King Sihanouk and Her Majesty Queen Monique of Cambodia in Beijing this afternoon.

Li Ruihuan said he heartily rejoiced at His Majesty the King's recovery from illness. On behalf of President Jiang Zemin, Premier Li Peng, and Chairman Qiao Shi, and in his own name he extended cordial greetings and best wishes to the king.

He said: His Majesty the King is the outstanding leader of the Cambodian people. For decades, he has been concerned about his country and his people, exerting ceaseless efforts for the cause of national independence and liberation. His Majesty the King has played an invaluable role especially in the process of seeking a political settlement of the Cambodian issue, making priceless contributions to peace and the promotion of national reconciliation in Cambodia.

He said: Since the beginning of this year, Cambodia's situation has undergone significant historic changes. After experiencing more than two decades of war turmoils, the Cambodian people ushered in peace at last. Rehabilitation and reconstruction have begun. In spite of obstacles on the road of advancement, it is believed that under His Majesty the King's wise leadership and with the diligent, brave, peace-yearning Cambodian people and the international community's vigorous support, Cambodia will certainly have a bright future and be built into an independent, peaceful, neutral, nonaligned, and prosperous country.

He said: We appreciate His Majesty the King's significant contributions to promoting Sino-Cambodian

friendship over the years, as well as the friendship with China and the one-China policy pursued by His Majesty the King and the Government of the Kingdom of Cambodia. We hope to further consolidate and strengthen Sino-Cambodian friendship and expand friendship and cooperation between the two countries in various fields based on the five principles of peaceful coexistence.

Sihanouk said: While undergoing medical treatment in China, he received kind concern from the Chinese Government and leaders. He expressed sincere gratitude to the Chinese medical personnel for their utmost efforts and meticulous care of him.

Extolling Cambodian-Chinese friendship, King Sihanouk said: Friendship between Cambodia and China has a longstanding history. He expressed the belief that under the new historical conditions and through the joint efforts of both sides, the friendly and cooperative relations between the two countries will certainly be further consolidated and developed.

#### Li Ruihuan Meets, Fetes Cambodian King Sihanouk

OW3103142094 Beijing XINHUA in English  
1408 GMT 31 Mar 94

[Text] Beijing, March 31 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met and had a cordial and friendly talk with Cambodian King Norodom Sihanouk and Queen Norodom Monineath Sihanouk here this evening.

Li congratulated Sihanouk on his recovery.

On behalf of Chinese President Jiang Zemin, Premier Li Peng and Chairman Qiao Shi of the National People's Congress Standing Committee, Li extended cordial greetings and best wishes to Sihanouk.

He described Sihanouk as an outstanding leader of the Cambodian people, saying that over the past decades, Sihanouk has made unremitting efforts for its state independence and national liberation.

Especially in the process of seeking political settlement of the Cambodian issue, he said Sihanouk has played important roles and made precious contributions to the country's national reconciliation.

Li said since last year, historic changes have taken place in Cambodia. Peace has been brought to the Cambodian people who had experienced war sufferings for more than 20 years, and the reconstruction work has begun in the country.

"Though there still are some difficulties, we believe that under the leadership of Sihanouk and with the support of the international community and the Cambodian people who are diligent, brave and longing for peace, Cambodia

can grow into a country of independence, peace, neutrality, non-alignment and strength. The future of Cambodia is bright," he said.

Li said: "We appreciate the king's important contributions to the growth of the Sino-Cambodian friendship, and the 'one-China' policy and the friendly policy toward China that the king and the Cambodian government have pursued.

"We hope for further strengthening of the Sino-Cambodian friendship on the basis of the five principles of peaceful co-existence and for developing bilateral friendly ties and cooperation in every field," he said.

Sihanouk said he thanked the Chinese Government and leaders as well as doctors and nurses here for taking good care of him while he was ill.

During the meeting he spoke highly of the Cambodia-China friendship which he said can be traced back to ancient times.

He expressed the belief that under the new historical conditions, the friendly ties and cooperation between the two countries will be further boosted through common efforts.

Tang Jiaxuan, vice-minister of foreign affairs, attended the meeting.

After the meeting, Li gave a dinner in honor of the couple.

#### State Councillor Chen Junsheng Meets Western Samoan Guests

OW3003110794 Beijing XINHUA in English  
1036 GMT 30 Mar 94

[Text] Beijing, March 30 (XINHUA)—Chinese State Councillor Chen Junsheng met here this afternoon with Hon. Misa Telefoni Retzlaff, minister of agriculture, forestry and fisheries of Western Samoa, and his party.

The two sides exchanged views on issues of common interest.

The six-member delegation arrived here on March 28 at the invitation of China's Ministry of Agriculture. They will also visit Xian, Hainan and Guangdong.

#### 'Roundup' Views Singapore Prime Minister's Burma Visit

OW3103104394 Beijing XINHUA in English  
0910 GMT 31 Mar 94

["Roundup" by Zhang Yunfei: "Singapore PM Visit Promotes Bilateral Ties"]

[Text] Yangon [Rangoon], March 31 (XINHUA)—Singapore's prime minister Myanmar [Burma] visit this week was widely described as successful and fruitful,

which would give a strong push to the economic relations between the two countries. [sentence as received]

Observers here believed that through the visit of Prime Minister Goh Chok Tong, the relations between Myanmar and Singapore especially in the fields of economic cooperation, investment and trade are now entering a new stage this year.

At the invitation of Myanmar Prime Minister and Chairman of the State Law and Order Restoration Council (SLORC) Than Shwe, Singapore Prime Minister Goh Chok Tong paid a three-day visit to Myanmar from March 28 to 30.

The prime minister was accompanied by over 30 government officials and over 20 businessmen.

At a press conference on Wednesday [30 March] just before he concluded his visit to Myanmar, the prime minister said the purpose of his visit to Myanmar is to assess the economic opportunities for Singapore, to get the opportunity to know first hand political developments in the country and to find out how Singapore could encourage its investors to work in Myanmar.

At the banquet hosted by Than Shwe on Monday, the Singapore prime minister said that Myanmar is potentially an attractive location for foreign investments. Singapore businessmen have placed Myanmar high on their priority list for their regionalization venture, he added.

The Singaporean leader told his Myanmar counterpart that his country is willing to help Myanmar open up its economy, make its society progress and succeed like its neighboring countries of the Association of Southeast Asian Nations (ASEAN).

Urging the international community to engage in constructive dialogue with Myanmar, Goh said, "The ASEAN policy of constructive engagement is a better way to engage the Myanmar leadership in dialogue."

In the economic cooperation, the two sides on Monday signed a memorandum of understanding for the construction of three hotels, a 400-room hotel, a 700-room hotel and a 300-room hotel, with a total investment of 200 million U.S. dollars by Singapore companies.

The two sides signed memorandum of understanding for economic cooperation.

Meanwhile, the Development Bank of Singapore opened its Yangon representative office here on Tuesday, which is part of its bid to operate a wide range of banking in Myanmar.

Singapore is the No. 1 investing country in Myanmar and the second largest trading partner with the country. Up to now, nearly 20 Singapore companies came to the country with a total contract investment value of over 300 million U.S. dollars, especially in hotels and tourism



industry, and trade between the two countries was over 400 million U.S. dollars in the previous year.

#### **NPC Chairman Qiao Shi Meets Philippine Visitors**

*OW2903132494 Beijing XINHUA in English  
1240 GMT 29 Mar 94*

[Text] Beijing, March 29 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress (NPC), met here today with a delegation from the Federation of Filipino Chinese Chambers of Commerce and Industry, headed by federation president Jimmy T. Tang.

Qiao briefed the guests on China's reforms, opening-up drive and economic development.

Qiao said that the NPC was speeding up the pace of legislation so as to meet the needs of the establishment of a socialist market economic system.

He said that it would be beneficial to both countries to expand their relations of friendly cooperation and contacts and foster mutual trust.

Qiao expressed the hope that the federation would promote Sino-Philippine economic and trade cooperation while contributing to the economic development of the Philippines.

Tang congratulated China on its achievements in reform and opening up to the outside world, saying that the purpose of his delegation's current visit was to promote Sino-Philippine trade and to learn from China's successful experiences.

#### **Australian Foreign Minister's Meeting With Qian Delayed**

*BK0104061294 Melbourne Radio Australia in English  
0500 GMT 1 Apr 94*

[Text] Australia's foreign affairs minister, Gareth Evans, has reportedly been delayed in the southern Chinese city of Guilin because of aircraft problems. Senator Evans was due to arrive in Beijing yesterday for several top level meetings with the Chinese leadership. But a spokeswoman for the Australian Embassy said the minister would probably arrive later today. She said the meeting with his Chinese counterpart, Qian Qichen, has been rescheduled. Senator Evans was to meet China's premier, Li Peng, and Trade Minister Madam Wu Yi tomorrow and those meetings are likely to go ahead as planned.

Before leaving Australia, Senator Evans said he would raise the issue of North Korea and human rights concerns during his talks in Beijing.

#### **New Zealand Prime Minister Meets Deng Nan-Led Delegation**

*OW3003114394 Beijing XINHUA in English  
0854 GMT 30 Mar 94*

[Text] Wellington, March 30 (XINHUA)—New Zealand [NZ] Prime Minister Jim Bolger said this afternoon New Zealand and China can enhance their cooperation in many fields, particularly in the area of environment.

He made the remarks when meeting a Chinese delegation led by Deng Nan, vice chairman of the Chinese State Science and Technology Commission.

He said as China has one-fifth of the world population, a better environment in China will contribute to the improvement of world environment.

Deng Nan said both China and New Zealand are countries of the Asia-Pacific region and they can promote their cooperation in various fields to their mutual benefits.

Deng Nan and her party arrived in the northern New Zealand city of Auckland on March 28 and arrived here this morning.

This afternoon, NZ Deputy Prime Minister Don McKinnon and Minister of Environment, Research, Science and Technology Simon Upton also met the delegation on separate occasions.

Shortly after its arrival this morning, the delegation held a round-table meeting with New Zealand scientists to exchange views on the reform in the field of science and technology in their respective countries.

The Chinese delegation will leave here tomorrow morning for visits in the south island of New Zealand, and will leave for home on April 1.

#### **Near East & South Asia**

#### **Radio Reports Li Peng's Meeting With Ambassador**

*BK3103021594 Dhaka Radio Bangladesh Network in English 0130 GMT 31 Mar 94*

[Text] Chinese Prime Minister Li Peng has said the bonds of friendship between Bangladesh and China will always remain strong. He expressed the sentiment when the ambassador of Bangladesh to China, Mustafizur Rahman, called on him in Beijing on Tuesday. The Chinese prime minister expressed his deep satisfaction at the close and cordial ties between the two countries. He said he will like to visit Bangladesh at the earliest opportunity in response to the invitation extended to him by Prime Minister Khaleda Zia. Mr. Li Peng recalled the visit of the Bangladesh prime minister to China in 1991 and conveyed his greetings and best wishes to the government and people of Bangladesh.



The ambassador thanked the Chinese prime minister for the help and cooperation that China extended to Bangladesh.

# **Egypt, China Sign Geology, Mineral Cooperation Protocol**

OW3103131094 Beijing XINHUA in English  
1241 GMT 31 Mar 94

[Text] Cairo, March 31 (XINHUA)—Egypt and China signed here today a protocol for exchange of expertise in the field of geology and mineral wealth.

The protocol was signed by Chinese Minister of Geology and Mineral Wealth Zhu Xun, who is currently visiting Egypt, and Egyptian Minister of Industry and Mineral Resources Ibrahim Fawzi ['Abd-al-Wahid].

Following the signing of the protocol, Zhu Xun told reporters that his current visit was fruitful, hoping that it would contribute to promoting the existing cooperation between the two countries, especially in the field of geology and mineral wealth.

Among those attending the signing ceremony was Chinese Ambassador to Egypt Yang Fuchang.

The Chinese minister and the delegation accompanying him arrived here on March 27 for a five-day visit to Egypt.

Egyptian Prime Minister 'Atif Sidqi received Zhu Xun Tuesday [29 March].

# **Israel Agrees To Dispatch Observers to Hebron**

OW2503193894 Beijing XINHUA in English  
1900 GMT 25 Mar 94

[Text] Tunis, March 25 (XINHUA)—Sources close to the PLO said today that Israel has agreed on dispatching 50 lightly-armed Norwegian international observers and another 50 Palestinian policemen to the West Bank town of Hebron.

However, the Palestine Liberation Organization (PLO) demands dispatching an international-observer battalion of about 400 persons and a Palestinian battalion of the same size.

The sources told XINHUA that this is the first time for Israel to agree on dispatching lightly-armed international observers to the occupied West Bank.

This agreement came in the context of a draft accord achieved between the Palestinian and Israeli delegations after a 14-hour negotiation in Cairo Thursday [24 March].

The PLO-Israeli talks on the implementation of the September 13 PLO-Israeli peace agreement was stalled in the wake of the February 25 massacre, in which a Jewish settler gunned down some 40 Palestinian worshippers at a mosque in Hebron.

The sources said the PLO has not agreed so far on the number of Palestinian policemen and international observers as Israel did.

The Cairo talks focused on dispatching international armed observers to Hebron, early access of Palestinian policemen to Hebron, nominating a municipality head of Hebron town by the PLO and evacuating 42 Jewish families from Hebron.

The sources said that Israel agreed in principle on the evacuation of the Jewish settlers from Hebron to Keriat Arba' settlement near Hebron.

The PLO calls for dispatching a total of 1,500 international observers to the occupied Palestinian territories.

The sources said the PLO-Israeli negotiations are expected to resume next week.

# **Article Notes Kuwait's 'Uncertain' Future**

OW1303161594 Beijing XINHUA in English  
1420 GMT 13 Mar 94

[By Ma Xiaolin: "Kuwaitis Wander for an Unknown Future"—XINHUA headline]

[Text] Kuwait City, March 13 (XINHUA)—When the new moon of ending Ramadan was sighted Saturday [12 March] night, the first day of Id al-Fitr (the festival of fast-breaking) began and greeted by all Kuwaitis.

A mass prayer of 50,000 worshippers was held in a grand mosque today. Restaurants and cafes reopened normally, families began visiting each other and men can return to diwanis during daytimes to smoke the hub-bubble, drink and chat. Kuwait was permeated with an atmosphere of easiness, but not an overmuch happiness.

Kuwaitis did not feel easy even when they celebrated the 33rd National Day and the third anniversary of liberation from the Iraqi occupation last month. At home and abroad, over a dozen of problems were still bothering Kuwaitis. They don't know whether they will have a bright tomorrow or a dark one.

The top question for Kuwait is that about 600 Kuwaiti POWs and civilians are allegedly detained by Iraq and they are unlikely to return in the near future. So, many families of the missing have to spend the current festival with sadness.

New demarcation between Kuwait and Iraq was rejected by the latter, even though it is risking serious international pressure. Iraq has also refused the compensations paid by the Kuwait Government for Iraqis who withdrew into Iraq to follow the new border demarcation rules. Iraq's strong stance has shocked Kuwaitis, and may ruin their confidence in a safe and stable future of the ever-occupied country.

Relationships between Kuwait and its "opposition countries"—some Arab states which once supported or sympathized with Iraq during the 1990-91 Gulf crisis—remain suspended or have limited progress in the direction of reconciliation. But the Gulf anti-Iraq front has begun to break up when Kuwait got angry at Qatar that tried to establish "balanced and clear relations" with Iraq. Also a marine transportation line was reportedly to be established between Iraq and the United Arab Emirates.

Meanwhile, the trial of attempted assassination of former U.S. president George Bush was adjourned again and again. There are signs that the lawsuit which could have created a more intense tie between Iraq and its opponents may have an advantageous end for Iraq. The international embargo against Iraq could be softened if the alleged Iraq-backed plot was turned down.

All these developments are really a bad news for Kuwaitis who are fearful of another invasion and occupation by a strong neighbor.

At home, Kuwaitis are also confused by the economic situation which is not quite good. Foreign funds are badly needed by the government for supporting the reconstruction, while domestic funds are flowing abroad because the market is tiny and safety prospect is still uncertain.

Suffering from a double financial impact, Kuwait lost hundreds of millions of U.S. dollars last year when crude oil prices slumped, while its overseas investment returns achieved a lower level. Also, the hard debt plan is expected to cost the government about 20 billion dollars. The government is forced to cut public spending by 20 percent to cope with an increasing deficit.

Kuwait is likely to carry out a package of privatization steps and impose more charges on various public services. It means that the Kuwaitis will get less money owed to them and lose a lot of benefits from the welfare policies which they lived on for a long time.

On the other hand, the legislature and the authorities are likely at a cross road. There are reports that the current cabinet and house will resign in order to form newer and stronger government and parliament after the fast-breaking festival. When asked about the reshuffle of the cabinet earlier, Kuwaiti crown prince and Prime Minister Sa'd al-'Abdullah al-Sabah neither denied nor confirmed. It made Kuwaitis feel that everything is possible.

Another reason for Kuwaitis to consider the upcoming days as uncertain is that the country is closer to be an Islamized one. Of the 60 parliamentarians, 39 had signed a bill on amending Article Two of the Constitution to allow the implementation of the Islamic Sharia (law) in the country. If it is passed, Kuwait will be turned into "a complete Islamic state." The local citizens will find a series of limits and obstacles in their social, cultural even

family lives. Some entertainment facilities such as satellite dishes will possibly be banned and the life will become dull.

Those who oppose Islamization warned that the national economy may collapse in case the Islamic Sharia is established as the main source of legislation in the country.

Kuwaitis are waiting for the days following the festival, in which they will experience some changes and reforms at home and abroad.

### **Correction to Rong, Qian Meet With Libyan Leader**

*OW2903181794*

Beijing XINHUA Domestic Service in Chinese at 1455 GMT on 29 March transmits a service message correcting the item entitled "Rong Yiren, Qian Qichen Meet With Libyan Foreign Minister" published on page 16 in the 29 March China Daily Report:

Page 16, column one, first paragraph, only sentence reads: ...with visiting Libyan Secretary of External Liaison and International Cooperation Umar Mustafa al-Muntasir.... (correcting official title)

### **Sub-Saharan Africa**

#### **Rong Yiren Meets Angolan Foreign Minister**

*OW3103085794 Beijing XINHUA in English  
0826 GMT 31 Mar 94*

[Text] Beijing, March 31 (XINHUA)—Chinese Vice-President Rong Yiren held warm and friendly talks with visiting Foreign Minister of the Republic of Angola Venacio da Silva Moura here this morning.

Rong said that China has been watching closely and supporting the peace process in Angola, and appreciates efforts towards peace the Angolan Government has made under the leadership of President Jose Eduardo dos Santos.

He said that China is glad to see the positive progress in the peace talks between the Angolan Government and the National Union for Total Independence of Angola (UNITA) which resumed last November.

China sincerely hopes that Angola would realize peace at an early date so as to create conditions for the nation's reconstruction and economic development. This does not only conform to the fundamental interests of the nation and its people but also is conducive to stability and development of the South African region, he said.

Rong said that China attaches great importance to its friendship with Angola and is willing to consolidate and further the bilateral cooperation and friendship in various fields.

Moura said that the friendship between the Angolan and Chinese peoples has a long history, and bilateral relations have experienced smooth growth since the two countries established diplomatic ties.

Moura said that the leaders of Angola pay much attention to strengthening friendship and cooperation with China. He expressed his gratitude to China for supporting Angola's peace process.

#### Qiao Shi Meets Benin Parliament Leader

OW2603142194 Beijing XINHUA in English  
1353 GMT 26 Mar 94

[Text] Beijing, March 26 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, met with Adrien Houngbedji, president of the National Assembly of Benin, here this afternoon.

Houngbedji and his party arrived here this morning on an official goodwill visit to China as guests of the NPC Standing Committee.

During the meeting, Qiao Shi, on behalf of the NPC Standing Committee, extended his welcome to Houngbedji, who is leading the first delegation from the Beninian National Assembly.

Qiao said that Sino-Beninian relations have been developing smoothly and bilateral cooperation in various areas has been strengthened.

Qiao expressed his hope that the exchanges between the two countries and their parliaments will be enhanced so as to further improve the friendly cooperative relations between them.

Qiao also briefed the guests on the just-concluded second session of the Eighth NPC and the situation of China's economic development.

The NPC chairman noted that due to the implementation of reforms and the opening up policy, China's economy has been developing quickly.

China is establishing the socialist market economy system, said Qiao, presenting the NPC with a heavy legislative workload, but the Eighth NPC will, in its term, make efforts to form the framework of a legislative system for the socialist market economy.

Houngbedji said that he and his party are here to learn and draw from China's experience. Both Benin and China are peace-loving countries, he added; therefore, the friendly cooperative relations between them will be further strengthened.

Houngbedji expressed his belief that China will play a still greater role in safeguarding peace in Asia and in the world as well.

Vice-Chairman of the NPC Standing Committee Cheng Siyuan and Zhu Liang, chairman of the NPC Foreign Affairs Committee, took part in the meeting.

Following the meeting, Qiao hosted a dinner for Houngbedji and his party.

This afternoon, Zhu Liang and Houngbedji held working talks.

#### Rong Yiren Meets Benin National Assembly President

OW2803125894 Beijing XINHUA in English  
1239 GMT 28 Mar 94

[Text] Beijing, March 28 (XINHUA)—Chinese Vice-President Rong Yiren met with president of the National Assembly of Benin Adrien Houngbedji and his party here today.

Rong welcomed Houngbedji on his first visit to China, saying that Sino-Benin friendly relations of cooperation in various fields such as politics and the economy have been strengthened continuously.

He said that China and Benin support each other and share many identical or similar views in international affairs. He spoke highly of Benin's "one China" policy.

Expressing his appreciation for the warm and friendly welcome given by the Chinese side, Houngbedji said that friendly relations of cooperation between the two countries have experienced the test of time.

He pointed out that his current visit is aimed at furthering these relations as well as the relations between the two parliaments.

He stressed that on the issue of Taiwan, Benin's "one China" policy is clear-cut and unchangeable.

Rong briefed the guests on China's policy of reform and opening up and its economic goals.

Houngbedji said that he is convinced that with further reform and opening up, China is sure to achieve such goals.

Cheng Siyuan, vice-chairman of the Standing Committee of the National People's Congress of China, was present at the meeting.

Later, Houngbedji and his party left here for Nanjing and Shanghai, and they are scheduled to end their China visit on April 2.

#### Economic Joint Commission Session Planned With Nigeria

OW1503015094 Beijing XINHUA in English  
0118 GMT 15 Mar 94

[Text] Lagos, March 14 (XINHUA)—China and Nigeria are working on proposals for holding the third session of



the China-Nigeria Economic and Trade Joint Commission in Beijing, China, a senior official from the Chinese Embassy in Nigeria said today.

Huang Zhaohong, the Chinese economic and commercial counselor, said that they have proposed the third quarter of this year as the time for the session.

They are now waiting for a decision by the Nigerian Foreign Ministry, he said.

The proposed session is expected to discuss ways to promote bilateral trade and economic ties, Huang said.

The second session of the joint commission was held in Lagos in 1985.

China and Nigeria have a lot in common as both are developing countries, he said, adding that "we need each other not only for economic reasons."

#### **China To Send Doctors, Medical Equipment to Madagascar**

*OW2403040394 Beijing XINHUA in English  
0324 GMT 24 Mar 94*

[Text] Antananarivo, March 23 (XINHUA)—Madagascar and China today signed a draft agreement to send Chinese doctors to the country.

Under the agreement, and at the request of the Malagasy Government, this year China will send 22 people as a medical mission to the African island nation.

The mission will remain in Madagascar for two years. During that time China will provide medicine and medical equipment to the country.

Chinese Ambassador Zhu Chengcai and the Malagasy Minister of Health Andrianbao Damasy signed the accord on behalf of their respective governments.

China has sent nine medical missions to Madagascar since 1975.

#### **South Africa Holds Trade Fair in Beijing**

*HK2303065994 Beijing CHINA DAILY in English  
23 Mar 94 p 2*

[By staff reporter Qiu Qi: "S. Africa Opens First China Fair"]

[Text] South Africa's first commodity fair in China opened yesterday in Beijing, marking a further step by the growing African nation into the mainland market.

More than 300 South African business representatives are attending the four-day event.

"The exhibition is a landmark of the strengthened relations between the two countries," said David Graaff, South Africa's deputy-minister of industry and trade.

Companies at the South Africa China Exhibition 1994 come from 31 industries including South Africa's strongest sectors such as mining equipment, electronics and jewellery.

Many South African big name companies such as Sasol, Iscor Mining & Steel Production, Saflec Electronics and Nampak are seeking shares in China's flourishing industrial and commercial market.

Graaff said he believes the exhibition "will make an important contribution to bilateral trade relations by stimulating more joint ventures, flow of investment and tourism."

Since the normalization of bilateral relations in 1992, sound trade ties have been achieved, he said.

Since then, bilateral trade volume has risen more than 30 percent to reach \$658 million last year.

If trade through Hong Kong is included, the figure surpasses \$1 billion.

"China is one of the world's fastest-growing economies and we always take her as an important trading partner," said the deputy-minister.

He added that South Africa will continue to enjoy ties with China for years to come.

After years of isolation on the world market, South Africa has become a strong economic power.

Fifty-five percent of the nation's gross national product comes from international trade, 30 percent of which is generated by exports.

China mainly imports minerals and exports light industry products to the South African nation.

Besides being rich in mineral resources, South Africa also produces construction equipment.

#### **Office Equipment, Stationery Donated to Zambia College**

*OW3103171394 Beijing XINHUA in English  
1653 GMT 31 Mar 94*

[Text] Lusaka, March 31 (XINHUA)—China's State Educational Commission today donated a batch of office equipment and stationery to the Evelyn Hone College in Zambia.

A hand-over ceremony was held at the college in Lusaka today, which was attended by Zambian Minister of Science, Technical Education and Vocational Training Gabriel Maka and Chinese Ambassador to Zambia Yang Zengye.

The donation includes a computer and varieties of stationery worth some 10,000 U.S. dollars.

The Chinese ambassador said at the ceremony though the quantity of the equipment and goods is not much, it



demonstrates the Chinese government and people is willing to make humble efforts to the development of the Zambian educational sector.

There are two Chinese associate professors and one lecturer working in the college.

### West Europe

#### **Finnish Prime Minister Says Helsinki Ready To Promote Ties**

OW0104030794 Beijing XINHUA in English  
0230 GMT 1 Apr 94

[Text] Helsinki, March 31 (XINHUA)—Finnish Prime Minister Esko Aho said here today that Finland and China have maintained very good and extensive friendly relations and that Finland is ready to further promote such ties with China in various fields.

"Finland was among the first countries to establish diplomatic relations with China (in 1950), and since then bilateral relations have been stable and have stood the test of difficult times," Aho said in a written statement released to XINHUA.

Aho, who is to visit China on April 6-11 at the invitation of Chinese Premier Li Peng, said, "the forthcoming visit is designed to further strengthen the Sino-Finnish friendly relations."

He added that during the visit, he will hold talks with Chinese leaders and learn about the progress of China's economic reform, particularly its influence on China's foreign trade, and about Chinese views on vistas of development and cooperation in Asia.

The prime minister also said he will brief Chinese leaders on Finnish views on the situation in Europe.

On future development of Sino-Finnish ties, Aho noted that the two countries have broad prospects in furthering their relations and that trade between the two countries has been extended to all speedily developed fields of Finland.

"Although a small country, Finland is advanced in certain technologies and Finland is ready to share them with China," he said.

"Finland's forestry and forest industry are well-known in the world and other fields in which China is interested include the energy production and telecommunications," he noted.

"As a new field of bilateral cooperation, I want to stress in particular the significance of technology for environmental protection. As China is paying increasing attention to environmental protection, Finland can provide China with various technologies in this field," Aho specified.

Aho, 40, has been Finnish prime minister since April 1991.

#### **Lufthansa Opens Shanghai-Frankfurt Route**

OW0104070494 Beijing XINHUA in English  
0643 GMT 1 Apr 94

[Text] Shanghai, April 1 (XINHUA)—A passenger plane of Lufthansa German airlines made a maiden flight from Frankfurt to Shanghai Thursday [31 March], marking the official opening of the route.

This is Lufthansa's first direct route between Europe and this Chinese metropolis.

The Boeing 747-400 plane will fly from Shanghai to Frankfurt every Monday and Thursday.

Lufthansa has also increased its flights to Beijing to six times a week.

#### **Qian Qichen, Icelandic Foreign Minister Hold Talks**

OW3103133294 Beijing XINHUA in English  
1318 GMT 31 Mar 94

[Text] Beijing, March 31 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen held talks with Jon Baldvin Hannibalsson, minister of foreign affairs of Iceland, here this evening.

Qian said that China and Iceland have enjoyed good relations since they established diplomatic ties in 1971, adding that political contacts and exchanges between various professional departments of the two countries remain active, and bilateral trade is increasing year after year.

The Chinese foreign minister said he believed that the current visit by Hannibalsson will start a new era in the development of bilateral relations.

Qian reiterated China's stand that all nations, big or small, strong or weak, should be equal.

China attaches great importance to its cooperation with Iceland, said Qian, and it is willing to enhance bilateral cooperation in various fields, under the principles of seeking common ground while reserving differences, mutual respect, non-interference in each other's internal affairs, mutual benefit and equality.

Hannibalsson said that Iceland pays close attention to its relations with China, adding that it is to send residential diplomats to Beijing and further strengthen the cooperation with China in politics, economy and trade.

During the talks, Qian briefed the guest on China's reforms and opening up, and its attitude toward the situation in the world and the Asian region.

Hannibalsson praised China's policy of reforms and opening up, saying that China's sustained, high-speed

and healthy economic development benefits the Chinese people and is conducive to world peace and development.

He briefed Qian on Iceland's views on issues of the European situation, and the two sides also exchanged views on other world issues.

During the talks the Chinese foreign minister accepted the visitor's invitation to visit Iceland.

Before the talks, Hannibalsson and Shi Guangsheng, Chinese vice-minister of foreign trade and economic cooperation, signed an agreement on protection of mutual investment between the two countries.

Following the talks, Qian gave a banquet in honor of the visiting foreign minister.

#### **Rong Yiren Meets Icelandic Foreign Minister**

OW0104100094 Beijing XINHUA in English  
0934 GMT 1 Apr 94

[Text] Beijing, April 1 (XINHUA)—Chinese Vice-President Rong Yiren today expressed his satisfaction with the growth of ties between China and Iceland.

Meeting with visiting Icelandic Foreign Minister Jon Baldvin Hannibalsson and his party here today, Rong said that concerted efforts of both sides have enabled bilateral friendly ties and cooperation in the political and economic fields to continue to develop since they established diplomatic relations 20 years ago.

Recently, he said, such relations have developed with good momentum.

Rong said that China and Iceland greatly differ in national conditions, but the two sides share identical or similar views on many international issues.

Under the present complicated and changeable international situation, furthering bilateral ties conforms to the common interests of the two countries, he said.

Rong said that China is ready to work together with Iceland and raise bilateral relations to a new level.

Rong briefed the visitors on China's present political and economic situation.

Noting the fruitful cooperation in many aspects, Hannibalsson said he was impressed by China's economic growth and achievements in other areas.

He expressed appreciation for the far-sighted policy that the Chinese Government has been pursuing.

Jiang Enzhu, vice-minister of foreign affairs, attended the meeting.

#### **Shandong Governor Meets With Swedish Delegation**

SK0104080294 Jinan DAZHONG RIBAO in Chinese  
20 Mar 94 p 1

[Text] On 18 March, Governor of Shandong Province, Zhao Zhihao, cordially met with the government delegation led by governor of Vastmanland Province in the Kingdom of Sweden at Taishan Hotel in Beijing.

On behalf of the Shandong Provincial People's Government, Governor Zhao Zhihao first extended a warm welcome to Yan Lude [as transliterated], governor of Vastmanland Province, and his party, and then briefed the guests on Shandong's general situation and excellent economic development situation. As requested by the guests, Zhao Zhihao also briefed them on the basic situation of the on-going second plenary session of the eighth National People's Congress and answered their questions with regard to Shandong's reform and opening up.

Mr. Linder, ambassador of Sweden to China, and his wife were also on hand during the reception.

Accompanying Governor Zhao on his reception were Wu Zhongshu, director of the foreign affairs office under the Shandong Provincial Government, and responsible persons of the agency of the provincial government stationed in Beijing.

Yang Lude and his party were invited to the province by the provincial government for exploring ways to establish friendly and cooperative relations. They are scheduled to visit Jinan, Qingdao, and Taian.

### **East Europe**

#### **XINHUA Notes Steps Toward Bosnian Croat-Muslim Federation**

OW2703060594 Beijing XINHUA in English  
0356 GMT 27 Mar 94

[Text] Belgrade, March 26 (XINHUA)—Bosnian Croats and Muslims have taken new steps toward federation as the Bosnian Croat parliament approved the plan, and military leaders from both sides agreed to set up a joint army command Saturday [26 March].

In Mostar, south-western Bosnia, lawmakers of the self-declared (Croatian) republic of Herzeg-Bosnia voted almost unanimously for the new federation plan signed in Washington last week.

The Muslim-dominated Bosnian parliament is also due to meet on Monday in Sarajevo to debate the plan, crafted by U.S. and Russian mediators and signed by Bosnian President Alija Izetbegovic, Bosnian Croat leader Kresimir Zubak, and Croatian President Franjo Tudjman.

Earlier today, the commander of the Muslim-led government army, General Rasim Delic, and the chief of Bosnian Croat forces, General Ante Roso, signed an accord in Sarajevo on a joint army command, the first practical step toward forming the new federation.

The military leaders agreed that the joint army command should operate until the formation of a new federal army, after a new federal constitution has been passed.

The agreement on the new federation would mean the end of Herzeg-Bosnia as an independent entity. The Serbs, however, who control nearly 70 percent of Bosnia, have rejected any participation in the new union, ignoring appeals from Washington and Moscow.

Delic told reporters after signing the military accord that he had held "cordial and constructive" talks with his Croatian counterpart. But he failed to give more details.

Roso also spoke highly of the accord, saying that it has created the necessary conditions for Croats and Muslims to live together in peace.

#### **Croatian Delegation Visits Shenzhen, Discusses Economies**

*LD2903104394 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 29 Mar 94*

[Text] Within the framework of his visit to the PRC, Dr. Ivo Sanader, deputy minister of foreign affairs of the Republic of Croatia, has visited the city of Shenzhen in southern China, the Croatian Embassy in Beijing announced.

Officials from the Chinese Ministry of Foreign Affairs and Shenzhen's deputy mayor acquainted Dr. Sanader and Croatian Ambassador Andrija Kojakovic with the economic situation in the city. The talks focused on ways to develop economic cooperation between Croatia and China. Views were exchanged about common experience in joint foreign capital investments. The Chinese hosts were particularly keen to learn about the privatization process in Croatia.

#### **Qian Qichen Meets Croatian Deputy Foreign Minister**

*OW2603132494 Beijing XINHUA in English 1306 GMT 26 Mar 94*

[Text] Beijing, March 26 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met and held talks with Dr. I. Sanader, deputy foreign minister of Croatia, in a friendly atmosphere here today.

The two sides expressed satisfaction with the smooth development of bilateral ties since the two countries established diplomatic relations and willingness to make joint efforts to push forward the bilateral friendly, cooperative relations.

Dr. Sanader also briefed Qian on the latest developments in the situation in Bosnia-Herzegovina and the former Yugoslavia.

Qian said that China supports the sovereignty and territorial integrity of Croatia, adding that the situation in the former Yugoslavia has shown positive new trends recently.

He hoped that the parties concerned would continue to show patience in negotiations so as to restore peace and stability in the region through seeking just and rational solutions.

Dr. Sanader and his party arrived here Friday [25 March] for bilateral consultations at the invitation of the Chinese Foreign Ministry. Friday afternoon, Dai Bingguo, Chinese vice-foreign minister, held talks with Sanader on bilateral relations and issues of common concern.

#### **Joint Polish Trade Committee Holds Session in Beijing**

*OW2803092494 Beijing XINHUA in English 0719 GMT 28 Mar 94*

[Text] Beijing, March 28 (XINHUA)—The Sino-Polish Joint Committee of Economy and Trade held its seventh session here today.

Wu Yi, Chinese minister of foreign trade and economic cooperation, and B. Liberatzki, Polish minister of transports and marine economic, co-chaired the meeting.

The visitors arrived here yesterday at the invitation of Wu Yi.

#### **Romania To Establish 'Permanent Presence' in Guangdong**

*HK1503011694 Beijing ZHONGGUO XINWEN SHE in English 1350 GMT 14 Mar 94*

[Text] Guangzhou, March 14 (CNS)—Romanian President Mr. Ion Iliescu said today during his visit to Guangdong that Romania would establish a permanent presence in the province to strengthen cooperation between China and Romania.

The president and his party left for Romania this afternoon after a four-day visit to Shenzhen, Zhuhai and Guangzhou.

Vice Governor of Guangdong Mr. Lu Ruihua met the Romanian party last night. He gave an account of the province's recent economic development and said he welcomed Romanian investment and cooperation in the province.

Mr. Iliescu said he was very glad to see Guangdong's economic achievements and that Romania planned to set up a permanent presence there to strengthen exchange and cooperation with China.



**Romanian President Praises PRC's Economic Achievements**

*OW1503020994 Beijing XINHUA in English  
0154 GMT 15 Mar 94*

[Text] Bucharest, March 14 (XINHUA)—Romanian President Ion Iliescu, back from a visit to East Asia today, said Romania is paying close attention to changes in China which is heading toward a market economy.

He told reporters at the airport that during his last two days of visit in the southern Chinese province of Guangdong, he saw great potential in the already remarkable economic growth there.

Iliescu said the province's two cities of Shenzhen and Zhuhai are among the strongest of China's economy, and that they have transformed themselves from poor country villages to modern cities in 15 years.

He said the inflow of foreign capital into the area has greatly contributed to the development there.

The president, who had visited South Korea before making a stop in Guangdong, pointed out that the Asia-Pacific region is leading the world's economic growth.

His visit to the region will help Romania make its own opening policy, he added.

## Political & Social

### Authorities Ban Wei Jingsheng Seeing Foreign Journalists

HK0104112394 Hong Kong SOUTH CHINA MORNING POST in English 1 Apr 94 pp 1, 6

[By Geoffrey Crothall in Beijing and Willy Wo-lap Lam]

[Text] China's best-known dissident, Wei Jingsheng, has been barred from seeing foreign journalists for the next three years.

Sources in the dissident community said last night that because of intensified pressure from security officials, a number of dissidents were considering leaving the country temporarily.

The ban was slapped on Mr Wei in spite of the fact that he completed his 15-year prison sentence this week.

"Wei Jingsheng has been deprived of his political rights for three years and is not allowed to meet foreign journalists during that time," the Foreign Ministry said in a statement yesterday.

However, ministry spokesman, Wu Jianmin, was unable to specify the legal basis for such a statement.

Deprivation of political rights usually refers to the right to vote, stand for public office or join the Communist Party.

There does not appear to be any specific provision banning those deprived of their rights from meeting journalists.

The Foreign Ministry also refused to say whether the ban extended to foreign diplomats and government officials.

China severely criticised United States Assistant Secretary of State, John Shattuck, for meeting Mr Wei in February, claiming he had violated Article 75 of the criminal code since at that time Mr Wei was a "criminal on parole".

Since Mr Wei completed his period of parole on Tuesday, Article 75 can no longer be cited as a reason not to meet foreigners.

Analysts said the only way a ban on meetings could be justified was if it were deemed that by talking to foreign reporters, Mr Wei was "engaging in political activities".

The Foreign Ministry statement reflects the determination of the Government to keep China's "No 1 trouble maker" under control for the foreseeable future.

Mr Wei, who was pressured into leaving Beijing prior to the arrival of U.S. Secretary of State Warren Christopher, has still not returned to the capital and there is no indication of when he might come back.

The leader of the Democracy Wall movement originally said he was just going out of town for a "few days" for

reasons of poor health but most analysts believe he has been ordered to take an extended vacation.

There is speculation Mr Wei might be kept out of the way for a few more months given the upcoming 75th anniversary of the May 4th movement and the fifth anniversary of the June 4 massacre, both highly sensitive dates in the Chinese political calendar.

Dissidents in Beijing and Shanghai faced stepped-up harassment by police and state-security agents. A source said several blacklisted dissidents were considering heading towards the south-east coast, the traditional springboard for fleeing the country.

It is understood these pro-democracy elements feared being taken into custody in the run-up to June 4.

"Security agents hauled in scores of 'trouble-makers' in Shanghai, Beijing, and other cities in May and June in 1992 and 1993, and some of these detainees are still behind bars," the source said.

Sources in Beijing said authorities in the industrial city of Tangshan were investigating the escape late last month of activist Wang Jiaqi, a 34-year-old postgraduate law student at Beijing University.

Together with law lecturer Yuan Hongbing and underground labour unionist Zhou Guoqiang, Wang was detained on March 2 for allegedly organising a petition on political reform.

### Pro-Democracy Activists Placed Under 'Strict Control'

HK0104032894 Hong Kong LIEN HO PAO in Chinese 1 Apr 94 p 10

["Report from Hong Kong" by reporter Huang Tien (7806 1131)]

[Text] On the eve of the Ching Ming festival, Beijing's situation has become increasingly tense. According to a source from Beijing, yesterday state security and public security departments in Beijing once again received instructions from their higher authorities to place pro-democracy activities under strict control before the Ching Ming festival and adopt resolute measures if necessary.

The source said: Departments concerned began to launch operations yesterday and made covert arrangements to watch the homes of dissidents and the places where they usually carried out their activities. The higher authorities ordered their subordinate departments to persuade, as far as possible, pro-democracy activists to travel outside Beijing and persuade the pro-democracy activists who were currently in the other parts of China to "spend a few more days amusing themselves" there.

Well-known pro-democracy activist Wei Jingsheng previously planned to hold a gathering in Beijing on 29

March to mark the 15th anniversary of the pronouncement of his court verdict. However, as of now, he has not returned to Beijing, and is still in Qingdao.

May 4 is a sensitive day during which the mainland authorities maintain sharp vigilance. During the Ching Ming festival every year, Beijing Municipality is on the alert and all relevant personnel renounce vacation and do their utmost to throw themselves into security work.

#### Article on Detentions During Hosokawa's China Visit

HK0104095294 Hong Kong CHENG MING in Chinese No 198, 1 Apr 94 p 26

["Reference News" by Ta Ta (6671 6671)]

[Text] On 19 March when Japanese Prime Minister Morihiro Hosokawa began his China visit, the General Office of the State Council sent a decree to 10 cities ordering that they prevent turmoil and guarantee a successful China visit for the prime minister. The 10 cities were Beijing, Tianjin, Shanghai, Nanjing, Shenyang, Dalian, Jinan, Hangzhou, Wuhan, and Xian.

The Ministry of Public Security disclosed on 20 March that according to Public Security Regulations, since 18 March, 731 people were detained or temporarily confined in seven cities including Beijing, Shanghai, Nanjing, and Hangzhou. Of these people, 113 were detained in Beijing (including 57 people from outside Beijing), 140 in Shanghai, and 82 in Nanjing. Of the persons detained or temporarily confined, some were retired cadres at the department or bureau level and retired servicemen at the divisional level.

#### Poll Shows People Support Demonstrations When Necessary

HK0104045894 Hong Kong MING PAO in Chinese 1 Apr 94 p A10

[By special correspondent Ching Chi (5427 2765): "Fifty Percent of People Favor Using Demonstrations When Necessary"]

[Text] With the further development of reform and opening up in China in the past year, citizens are enjoying more and more political rights. People also have new ideas of how to participate in politics, such as holding assemblies and demonstrations. A survey shows that when asked about their attitude toward holding demonstrations, more than half of the interviewees said that they should be held if necessary. Thirty percent of the interviewees said that it is better not to adopt such means. Nearly 8 percent of the interviewees said under no circumstances should people take to the streets and hold demonstrations.

However, results of the survey show that when common Chinese people wanted to criticize the government for certain policies or practices, their first option was to

"report their views to party and government departments concerned," and holding assemblies or demonstrations was their last option.

This research, directed by Zhang Mingshu, associate research fellow of politics of the Chinese Academy of Social Sciences, is one of a series of surveys on national conditions organized since 1988 by the Chinese Academy of Social Sciences. More than 2,000 people living in 13 large, medium-sized, and small cities were interviewed. The method of random sampling was used. Major results of the research are published in the new book entitled "'Political People' in China."

Zhang Mingshu made a further explanation about the survey, saying that some people regarded politics as a field in which morals, sincerity, and conscience were totally lost, but most Chinese citizens held that politics were not something bad. During the survey, the latter expressed that the government was an organ for the administration of public affairs of the people and they hoped that the government could do more for them.

Therefore, in their participation in politics, Chinese citizens always trusted and depended more on the governments and organizations concerned and showed relatively close cooperation with the ruling party and the government in the course of participation. Zhang Mingshu said that these features in selecting a means for the participation in politics of Chinese citizens were great "political resources" of the government.

When they wanted to express their views on government policies and behaviors, nearly 26 percent of the interviewees optioned to report their views to government departments concerned, 15 percent of them favored reporting their views to the leadership of the respective units, only 1.3 favored holding demonstrations, and only 1.8 percent favored holding rallies. Nevertheless, more than half of the interviewees held that holding rallies and demonstrations can be a means to be adopted when necessary.

Since 1954, all constitutions of China state that holding demonstrations is one of the basic political rights of the citizens. However, in 37 years from 1949 to 1986, basically no large-scale demonstration was held by citizens to criticize government policies in China.

After the survey, Zhang Mingshu put forward suggestions concerning policies. To the portion of citizens with a relatively high political quality, such as intellectuals, personalities of the democratic parties, young students, and so on, it is necessary to adopt flexible methods, to provide them with more opportunities to participate in politics, and to eliminate intermediate obstacles so that their views and suggestions can reach the ruling party and government through normal channels, the situation at the lower levels can be made known to the higher levels, and the democratic channels are unimpeded.



**Cholera Epidemic Hit China in 1993, Killing 142**  
*HK0104091194 Hong Kong AFP in English 0841 GMT*  
*1 April 94*

[Text] Beijing, April 1 (AFP)—A cholera epidemic hit China last year, killing 142 people as the number of cases rose to the highest level in a decade, Health News [JIANKANG BAO] reported Friday. A total of 11,717 cases of cholera were reported in 12 of China's 30 provinces, the newspaper said, categorising the situation as an epidemic that began in about April and reached its high-point in September and October.

Two different strains were found, it said, describing their origins as "complicated." It did not specify whether either was the aggressive new 0139 strain of cholera, which has already killed thousands in India and Bangladesh. In August, China acknowledged that the mutant strain, which attacks people who would normally have immunity after having cholera, had killed at least two people in the far northwestern province of Xinjiang.

Health News said the low incidence of cholera in China for the past 10 years was partly to blame for the rapid spread of last year's epidemic because the population's immunity was low. Unhygienic food and water supplies in rural areas and inadequate grassroots health services had also contributed to the problem, the report said.

The ministry of health has ordered local authorities to emphasize prevention, particularly in areas where cholera has been a problem, it said. Special clinics should be set up and new cases reported to the ministry immediately, it added.

#### **Minister Targets Corruption, Torture in Security Forces**

*HK3103141194 Beijing ZHONGGUO XINWEN SHE*  
*in English 1121 GMT 31 Mar 94*

[Text] Beijing, March 31 (CNS)—China's Minister of Public Security, Mr. Tao Siju, speaking at a meeting recently, said that problems regarding unfairness in enforcing the law, bending the law for the benefit of relatives or friends and imposing fines instead of instituting criminal proceedings had been rectified to some extent since the anti-corruption campaign got underway last year. The unhealthy trend of participating in smuggling by public security departments in coastal regions had also been effectively stopped.

However, such achievements should not be overestimated, Mr. Tao said, and special attention should be paid to problems facing public security departments. He called for public security departments at various levels to take serious action with crimes committed by leaders and members of the police, particularly cases involving bending the law for relatives or friends, bribery and corruption and torture as well as seeking private benefits through the office they hold.

#### **Noted Academic Urges Giving Top Priority to Stability**

*HK0104095394 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0516 GMT 22 Mar 94*

[Report on "exclusive" interview with Lu Xueyi (7120 1331 5669), National People's Congress deputy and noted sociologist, by reporters Zhang Hong (1728 4767) and Liu Hongtao (0491 3163 3447); date, place not given]

[Text] Beijing, 22 Mar (ZHONGGUO XINWEN SHE)—In an exclusive interview with these reporters, Lu Xueyi, National People's Congress deputy and noted sociologist, pointed out: In the relationship among reform, development, and stability, it is stability that should be put in the first place. At present, special precautions should be taken against the trends of soaring prices, boasting and exaggeration, and corruption, as well as against the massive flood of migrant workers.

Lu said: Judging by the price increases in the first two months of this year, it will be very difficult to keep this year's price increase index below 10 percent. For this reason, it is absolutely necessary to keep down the scale of capital construction and the growth rate; we should not be impatient. Provided China can maintain an annual progressive growth rate of 9 percent, and even 7 percent in the future, its absolute economic strength will reach the world standard quickly. According to his analysis, the problem this year will focus on commodity prices. If the increase rate can be contained within a double-digit figure, there will not be big problem. It is only the peasants, the unemployed urban workers, and young people who have just joined the work force who will be hard up.

Lu pointed out: There is a very serious trend of boasting and exaggeration going on. He cast doubts on the credibility of some important statistical figures. He took up a list of last year's total industrial output indices from various localities, saying that, calculated in terms of comparable prices, the township industrial enterprises in 10 provinces registered a growth rate of 60 and even 100 percent. He said: How was this possible? China has come to grief on account of boasting and exaggeration. He said: If we are not clear about our rice output last year, there will be problems when we need rice, but it is unavailable.

Lu said: According to an anticorruption report by the procuratorate, some 110,000 cadres at or above the department-head level have economic or other problems. This represents a large proportion of in-service cadres at or above the department-head level in China. The public, however, does not know this proportion; There are a lot of complaints against the public security organs, procuratorial organs, and people's courts. If we fail to step up supervision over law enforcement, it will adversely affect social stability.

Lu said: Now people have eventually come to realize that civilian workers play an irreplaceable positive role in economic construction and have stopped calling them "blind migrant workers." For this reason, it is necessary to guide them and ameliorate their situation. It is not good for the economy to grow either too rapidly or too slowly. If it grows too slowly, many of the capital construction projects will have to be stopped and the civilian workers will be the first to bear the brunt, which is likely to cause social instability.

**Paper Cites Internal-Circulation Police Handbook**  
**HK0104081094 Hong Kong EASTERN EXPRESS in**  
**English 1 Apr 94 p 7**

[By A. R. Wilkie]

[Text] Imagine a world where all outsiders are enemies; where not even your closest colleagues are above suspicion, where all telephone calls are assumed to be bugged; where even trivial internal documents must be burnt in the presence of witnesses. Living with suspicion is the fate of many who work for intelligence organisations all over the world. China too has specialist organisations which carry out intelligence and counter-intelligence operations, the most important of which is the Ministry of State Security. But the police, even down to the lowly beat officer, also live in a John Le Carre world of spy-counter-spy.

Skim the pages of the **POLICE OFFICE WORK HANDBOOK**, published for internal circulation only by the Police Officers Education Publishing House. The handbook opens with some general words of warning for police officers meeting foreign visitors. "Be friendly, warm and polite, at the same time raise vigilance and act according to the principle of 'treating insiders and outsiders differently' in order to protect against any attempt to gather intelligence." Much of the handbook deals with practical hints, such as how to deal with superior officers on the telephone (never hang up first) and how to handle the messy paperwork required to send a detainee to a labour camp.

But at least 20 pages are devoted to secrecy. Police officers are instructed "never to sell secret documents to scrap paper merchants, never use them as wrapping paper, and never use them as wallpaper". Secret documents must never be sent through the mail or carried when shopping or visiting restaurants. Even after secret documents have passed their expiry date, the information in them remains secret. If the documents are clogging up the shelves, permission must be sought to burn them, but only in the presence of two police officers.

What are these secrets that must be so fiercely protected? Some have to do with arrangements for the protection of top leaders or visiting dignitaries. But political dissent and the fight against it is at the top of the list. "Anything that creates difficulties for quelling or handling riots, chaos, disturbances, protests and sudden incidents" is a state secret. Top secret—to be kept under wraps for at

least 30 years—includes "information held by the police on spying, rebellions, hijackings, plots, treachery, intelligence about serious cases of smuggling, investigations or charges against the police, details of surveillance operations, investigations and plans to solve crimes, plans for cracking down, and any knowledge that if it became known might cause serious losses to the unity of the country, political stability, the unity of nationalities, foreign relations and economic interests". Statistics concerning "counter-revolutionary incidents" are considered "highly confidential". Officially, they should be kept secret for at least 20 years, as should "plans for quelling or dealing with local protests, disturbances and other sudden incidents which have a big impact on social order". "Captured reactionary leaflets" are state secrets, and so are information about police who break the law and "political accidents". Inexplicably, the number of overseas Chinese permanently resident in China is also a state secret. There are other categories of secret that are so secret they cannot be named in a handbook that is only semi-secret, such as any sensitive information about leaders and their families.

Documents which contain secrets must be printed only by approved specialist printers who have been vetted. If this is not possible, the printing must take place in a workshop which stands on its own and where privacy is guaranteed. The number of copies cannot exceed the number ordered, and any spoiled copies or scraps of waste must be carefully destroyed.

When there is to be a meeting at which secrets may be discussed, all arrangements "from decorating the room to purchasing necessary items to the preparation of the teapot and cups" must be made by police officers. Such meetings must never be held in hotels which receive foreign guests. After the meeting, a search of the room must be carried out to make sure no state secrets have been slipped between the cushions or been idly doodled on the table top.

The reason for this obsession with secrets, the handbook explains, is that just about everybody is out to get them. "With increased reform and opening to the world, there are more routes for exchanges with the world on wider subjects. Foreign intelligence organisations and other personnel from abroad are trying every other way to gather intelligence. In the past few years, the central government's secret documents have been copied by people at foreign organisations stationed in China... People come to China in all sorts of guises, including businessmen, journalists, academics, to do spying... There are also some people in China who have ulterior motives and sell the top secrets of the party and government."

Spies, the handbook explains, try to intercept police information as it is communicated internally, in particular by listening in on telephone calls. Deleted material can be salvaged from computer disks. Fax machines and computer modems can be easily bugged with simple equipment. Imported fax machines and computers, the



handbook warns, should be treated with particular care, since bugs may have been planted in them at the time of manufacture. Any imported electronic equipment must therefore be inspected for security before it can be installed.

There is no doubt that China, like all countries, is spied on by foreign governments. But Beijing's concern about espionage seems unusually intense and wide-ranging. The only hard evidence for foreign intelligence gathering cited in the handbook is the publication abroad of excerpts from Chinese newspapers and magazines and transcripts of radio broadcasts, all or most of which are already openly available.

Perhaps the greatest worry for the police are the highly organized and well-funded dissident groups now active in China. Rightly or wrongly, the authorities believe these dissident groups are supported and encouraged by prodemocracy groups abroad. Increasingly, modern dissidents carry beepers and use fax machines, spreading the word electronically.

Nor can the police force be fully confident of everyone in its own ranks. Dissidents say that while the police have infiltrated their organisations, they, in return, have also infiltrated the police. Dissent is a crime, so the police—like almost everything else—has become politicised. And the price to be paid for engaging in politics in China is paranoia.

#### **Deng's Daughter Pursues Publishers of Pirated Biography**

HK0104074094 Hong Kong *EASTERN EXPRESS* in English 1 Apr 94 p 1

[Report by Bruce Gilley]

[Text] Deng Xiaoping's daughter is suing a printing factory in Shandong province after it pirated thousands of copies of her biography of the patriarch, mainland sources say. Deng Rong is demanding 70,000 renminbi (RMB) (HK\$61,600) from the Yantai Printing Factory in a suit filed in the city's middle courts last month. The Yantai factory is understood to have hired a lawyer to defend itself against the charges, raising the possibility that Deng Rong herself might appear before the court at a hearing this month. "The Yantai factory is not going to admit to the charge. But it's hard to say now whether she will go," a source said.

Deng Rong—the youngest of Deng Xiaoping's three daughters and perhaps his closest confidante—felt Shandong authorities had been too soft on the factory. The Shandong Press and Publications Bureau fined the factory only RMB 20,000 earlier this year after it admitted printing 30,000 illegal copies of the popular book. Private investigators hired by Deng Rong later discovered that more than 100,000 copies had been run off. "Mao Mao [her pet name] felt it was useless to rely on the Shandong authorities because this factory is part of their system," a source said. "We suggested she delay the suit

and allow administrative measures to take effect but she insisted on going ahead right away."

*My Father, Deng Xiaoping* has been the target of book pirates ever since it hit the shelves in China last September. Pirate editions may outnumber the 900,000 officially issued copies by as much as 10 times, sources said. Another state printing factory, in Wuhan, admitted to pirating 10,000 copies, although the books were confiscated before being sold. Other printing factories in Guangxi and Shaanxi were under investigation by the State Copyright Administration (SCA) on special orders from Deng Rong, the sources said. Those pirated in Guangxi were of such low quality that it was difficult to read, which Deng Rong believed lowered the book to the level of underground trash novels, the sources said.

She hoped the Yantai case, where a decision was expected by the end of this month, would serve as a warning to other pirate printers. She also wanted the problem to be solved before her second volume of the biography—covering the patriarch's life since 1976—appears in a few years. Juicy details about the elder Deng's role in crushing the Tiananmen Square protests of 1989, as well as other political storms since the Cultural Revolution, would make even richer pickings for book pirates, especially if he had died by the time the volume came out, the sources said.

SCA sources have confirmed that copyright violations will soon be made a criminal offence subject to jail terms of up to seven years. As reported earlier in *EASTERN EXPRESS*, Beijing leaders promised to pass the criminal legislation after Deng Rong flew into a rage over rampant piracy of the biography prior to a trip to Japan in February. A special National People's Congress Standing Committee will be held in May to pass the legislation. When asked about the piracy problem during the recent meeting of the National People's Congress in Beijing, Deng Rong grimaced and replied: "Of course, I'm not happy about it."

#### **Code for Appraisal of Government Workers Introduced**

HK0104050294 Beijing *CHINA DAILY* in English 1 Apr 94 p 1

[By Cao Min: "Code Rates The Work of State Employees"]

[Text] The Personnel Ministry has issued China's first code to appraise government workers.

And it lays down grades for regular checks on their performance which may lead to promotion, demotion or the sack.

The code, titled "Provisional Regulations on Appraisal of State Civil Servants," aims to improve the performance of State employees.



Appraisals will include day-to-day evaluations and an annual examination and they will rank civil servants in three grades—excellent, qualified and unqualified—according to their integrity, ability, dedication and service record.

The new code says no more than 15 percent of civil servants should receive "excellent" rankings.

Appraisal committees are to be composed of department heads and staff representatives elected by workers.

Employees must comprise at least a third of the selection group.

"Excellent" workers get cash rewards equivalent to one or two months extra pay, while "qualified" ones get an extra month's salary.

Those who receive the top two grades for two consecutive years will be promoted.

Those deemed unqualified get demoted in their first year and dismissed if they are found to be unproductive a second year.

Since the civil service was set up October 1 last year, more than 40 ministries have trained workers or organized courses to publicize the system.

Several provinces, including Hainan, Guangdong, Shandong, Anhui and Jilin, have taken steps to set up the new civil service.

The Ministry of Coal, which was set up in the first half of last year, has shed about 900—75 percent—of its workers.

Provincial governments are focusing their attention on solving problems arising from the implementation of the new system.

#### **Air China Drafts New 'Standards' for Delayed Passengers**

*OW3103132894 Beijing XINHUA in English 1308 GMT 31 Mar 94*

[Text] Beijing, March 31 (XINHUA)—Air China passengers can now be sure of being taken care of comfortably if a flight is delayed.

To provide better services for passengers of delayed flights, Air China has recently drafted a number of special service standards.

Air China sources said that these standards apply to flights which are delayed for weather reasons or by mechanical failure. They include the following services:

For passengers who are delayed more than two hours, drinks and food should be provided. Important passengers and first-class passengers should be served meals in dining halls.

When a flight is delayed over four hours, passengers should be sent to hotels or sight-seeing and other entertainment activities.

If a flight is postponed until the next day, board and lodging should be arranged for the passengers. Important passengers and first-class passengers should be sent to hotels of at least four-star standard; business-class passengers should be sent to hotels with three or more stars, while economy-class passengers should be sent to hotels with at least two stars.

If a flight is delayed due to mechanical failure, passengers can make international or domestic long-distance calls or fax materials free of charge.

If a flight is delayed due to bad weather, free telecommunications services are provided for important passengers and first-class and business-class passengers, while economy class passengers have to pay for phone calls or faxes.

#### **Younger Clergy Involved in Religious Affairs in Beijing**

*OW3103131594 Beijing XINHUA in English 1254 GMT 31 Mar 94*

[Text] Beijing, March 31 (XINHUA)—Three young priests have been elected vice-chairmen of the Beijing Patriotic Catholic Association or the Beijing Religious Affairs Committee, marking the entry of a younger generation of clergy.

Officials of religious affairs said that more younger clergymen have been trained in Beijing and nearly half of all the 400-plus religious teaching staff in the Chinese capital are young or middle-aged.

In the past several years, a few theological institutes including the Christian Yanching Theological Seminary, the Catholic Monastery, the Institute of Islamic Theology, and seminars including the Buddhist Monks' Class and the Lama Class at the Yonghe Lamasery have been restored in Beijing.

Since 1989, some 22 graduates from the Catholic Monastery have become priests. Three others have been sent for theological studies in the United States and another two are scheduled to study in Hong Kong.

In addition, 18 young sisters from the Catholic convent have become leaders of religious affairs and scores of graduates from religious schools have become imams, lamas and nuns.

The religious officials said the emergence of these younger clergy has greatly reduced the lack of successors to carry on religious affairs.

So far, there is a 35-year-old monk acting as vice-president of the Beijing Buddhist Association, and a number of other young clergy have been elected leaders of monasteries or the Beijing Islamic Association.

**Report on Central Leaders' Activities 25-31 Mar**  
*OW0104083094*

[Editorial Report] PRC media monitored carried the following reports on PRC leadership activities from 25 to 31 Mar 1994. The source is noted in parentheses after each report.

**Qiao Shi Inscribes for Calligraphy Symposium**—The first Sino-Japanese symposium on calligraphy history opened in Beijing on 25 March. More than 70 Chinese and Japanese experts, scholars and calligraphers are attending the five-day symposium. Qiao Shi, chairman of the National People's Congress [NPC] Standing Committee, wrote an inscription to greet the meeting. (Beijing XINHUA Domestic Service in Chinese 1020 GMT 25 Mar 94)

**Li Peng Writes Inscription for Entrepreneurs**—"A two-day 'National Entrepreneurs Activities' event closed in Fuzhou on 25 March. Li Peng and other party and state leaders wrote inscriptions for the event." Nearly 800 entrepreneurs from China's 22 provinces, autonomous regions, and municipalities participated in the event and exchanged experience in enterprise reform. The event is to be held annually. (Beijing XINHUA Domestic Service in Chinese 1103 GMT 25 Mar 94)

**Inscriptions by Jiang Zemin, Li Peng**—Inscriptions by President Jiang Zemin and Premier Li Peng to mark the launch of a preservation project for the Tombs of the Emperors were carved on stone tablets which will be displayed to the public during the Qingming festival. Jiang Zemin's inscription reads: "The Chinese civilization dates back to ancient times;" Li Peng's inscription reads: "Carry forward the Chinese civilization; arouse national spirit." (Beijing XINHUA Domestic Service in Chinese 1403 GMT 25 Mar 94)

**Zou Jiahua Attends Investment Guarantee Firm's Opening**—China Economic and Technology Investments Guarantee Company opened for business in Beijing on 26 March. The company, the PRC's first investment guarantee organ, was established based on the international credit guarantee system. Zou Jiahua, Vice Premier of the State Council, and Wang Bingqian and Wang Guangying, vice chairmen of the NPC Standing Committee, attended the opening ceremony. (Beijing Central People's Radio Network in Mandarin 2230 GMT 26 Mar 94)

**Wu Xueqian Receives Philippine Business Delegation**—Wu Xueqian and Wang Zhaoguo, respectively executive vice chairman and vice chairman of the National Committee of the Chinese People's Political Consultative Conference, on 27 March at the Great Hall of the People received a Chinese business association delegation from the Philippines. The delegation was here on an industrial and commercial fact-finding trip. (Beijing Central Television Program One Network in Mandarin 1400 GMT 27 Mar 94)

**Wu Bangguo Receives Hong Kong Business Delegation**—Wu Bangguo, CPC Central Committee Political Bureau member and secretary of the Shanghai Municipal Party Committee, on 29 March in Shanghai received a Hong Kong business delegation led by the famous Hong Kong industrialist (Li Hanzhao), who invested in housing construction in Yangpu. Wu Bangguo welcomed Mr. (Li Hanzhao) to invest in local housing development projects. (Shanghai People's Radio Network in Mandarin 2300 GMT 29 Mar 94)

**Wu Bangguo Attends Shanghai Commendation Ceremony**—A ceremony was held in Shanghai on 30 March to commend advanced elements which took up the cudgels for a just cause and excelled in the comprehensive management of public security. Representatives from advanced elements received certificates of merit and awards from Wu Bangguo, secretary of the Shanghai Municipal Party Committee, and Mayor Huang Ju. (Beijing XINHUA Domestic Service in Chinese 1117 GMT 31 Mar 94)

**Hainan Succeeds in Anticorruption Work**

*HK0104020294 Beijing RENMIN RIBAO in Chinese*  
27 Mar 94 p 1

[By staff reporter Bao Hongjun (7637 3163 0193): "Hainan Province Fights Corruption by Looking Into Both Its Root Cause and Symptoms—Not Only Handling Cases in Earnest, But Also Deepening Structural Reform"]

[Text] If the situation is judged from appearances alone, the newly founded Hainan Province gives the impression of prosperity coexisting with corruption. Before it was designated a province, Hainan Island was economically backward, but nowadays it has become one of the most vigorously growing regions in China. In the last few years, the provincial party committee and government has persisted in market orientation, continuously deepened reform, opened wider to the outside world, and thus achieved inspiring results in economic construction. In the last six years since the founding of Hainan Province, economic indexes such as gross domestic product and national income increased at an average rate of more than 11 percent a year. Nevertheless, as the economy developed at high speed, corruption was haunting Hainan like a specter. Hainan is a small province, with a population of only 68 million people. Last year it had three cases carried in nationally circulated notices. In the cases, Jiang Wei, former planning department director and Li Shanyou, former deputy secretary general of the provincial government, took 100,000 yuan or so and tens of thousands of yuan in bribes respectively and, had thus their cases became well-known as two typical corruption cases.

To punish corruption, the Hainan provincial party committee has worked hard to investigate and handle cases and done a lot of work in the last few years. The province has handled 4,421 cases of violating party discipline and



investigated and dealt with 3,810 party members who violated discipline, of whom 15 were cadres at the departmental level and above, 126 cadres at the office level, and 694 cadres at the section level. Corruption has disappeared to some extent but in some aspects, it is continuing to spread.

As the drive of reform and opening up spurs speedy economic growth, corruption is growing and spreading continuously. In early 1993 it was this grim situation that the new Hainan party provincial committee and government confronted.

The facts are thought-provoking. Do reform and opening up bring about corruption? Apart from investigating and handling cases, are there any other more effective options in combating and punishing corruption?

Through a thorough investigation and study, leaders of the party provincial committee reached a consensus: Some corrupt phenomena did appear in the course of reform. However, the fundamental cause for corruption lies with the lack of reform rather than reform itself. At a time when the old structure was being replaced by the new one, the old structure and the imperfect new structure were counteracting with each other. This gave corrupt elements an opportunity to make power-for-money deals. Hence, corruption was concentrated in the offices and departments which "dispose of resources under the planned economic structure" or retained the power of social micro-operations. The current spread of corruption is a phased phenomenon of structural transition and economic transformation and a kind of "transitional corruption." For example, as prices are being gradually unified, profiteers living on sales of approval documents and indexes and on "the dual-price gap" will gradually disappear from the scene. It is thus clear that to punish corruption, it is imperative to investigate and handle cases in real earnest. However, this alone is not enough. Only when reform is deepened and the legal system is perfected can the soil on which corruption breeds be scratched out. If the structure is not reformed and the legal system is not perfected, corruption will grow everywhere like half-cut Chinese chives.

With this understanding, the party provincial committee and government intensified reform and determinedly expanded the tentacles of anticorruption work to the old structure last year.

First of all, let us take the land market as an example. Land is a nonrenewable element of production. In a market economy, land resources should be disposed of by the market. To put it another way, land prices should be determined by the market and land should not be allocated by the government using administrative fiat. The land market in Haikou, Sanya, and Qiongsan was once thrown into confusion because land resources were disposed of by the government using administrative fiat and the resulting gap between government-offered prices and market prices ranged from several to 20 times. Some people would reap exorbitant profits overnight by

selling the "pieces of land" they gained through connections or position, while the government's finances and taxes suffered losses. The masses were quite dissatisfied with such a practice. Last spring, Hainan resolutely adopted a tender system and auction method in land transfers, thus thoroughly reforming the land transfer method. In Qiongsan City, the auction price of a piece of land was 9 million yuan or so. Once the new move was taken, illegal land trading at a profit was immediately checked. Haikou even got instant results in this regard. Last year the city collected 1 billion yuan in land fees, much more than the total land transfer fees collected in the previous five years.

While the cries for tenders in the land market have not yet subsided, more than 100 contenders have begun entering into a fierce rivalry in the "enterprise leader open recruitment activities" sponsored by the Organization Department of the Hainan CPC Provincial Committee. Four outstanding contenders successfully distinguished themselves and assumed the post of general manager in the four companies under the commercial and trade departments. The ways of using enterprise leaders under the old structure, such as "Bo Le seeing horses for himself [bo le xiang ma 0130 2867 4161 7456]" and "naming a person for a particular job behind closed doors" were apt to lead to unhealthy practices such as appointing people by favoritism, currying favor from upper circles, and sending gifts and practicing bribery. As such, Hainan was determined to "employ people with doors open to society" and boldly explored organization and personnel systems under the market economic structure.

Haikou's reform of the tax collection and management system is another successful typical case of punishing corruption. The traditional tax collection and management system relied on tax staff, who collected taxes personally from the taxpayers. Every tax collector was assigned to collect taxes from 400 taxpayers. Malpractices such as abuse of power for private gain, embezzlement, and bribery could be found among some tax collectors. However, such malpractice could not be curbed despite repeated prohibitions. In the drive to "rectify unhealthy practices" alone, discipline inspection departments in Haikou investigated and handled 17 such cases with 18 persons involved. In June last year, the city deepened reform, abolished the tax collector system, and introduced unified computerized management, under which the taxpayers were required to pay taxes directly to relevant organs or through social agency organizations. Malpractices in tax collection and management have disappeared since then. For example, a certain enterprise was fined for tax evasion. When its manager personally went to the tax bureau director to ask for an exception, he saw the fine bill on the manager's computer screen, and he had to withdraw his request blushing.

Some reforms have been introduced such as changing the "enterprise legal person examination and approval system" into a "direct registration system"; removing



the 10 barriers to enterprise examination and approval; changing the system of managing university student job assignments on graduation into a system under which "the supplier and the end-user meet" and choose each other and students on graduation seek jobs themselves in society; introducing an all-worker contract system by breaking the demarcation line on identity, encouraging fair competition, and carry out a job assessment system; and introducing a tender system in distribution of export quotas. The reforms have a common special characteristic—operational procedures being simplified, standardized, open, and fair, and arbitrariness in doing things being reduced. Like double-edged swords, the reforms thrust directly into the old structure and systems. Thus, the intensity of reform was increased and corruption was checked once and for all.

"Veteran discipline inspectors," such as Cao Bailin, deputy secretary of the Hainan Provincial CPC Committee and Xie Mingren, secretary of the Haikou City CPC Committee, maintained: In regard to discipline inspection and supervision work, there is also the question of micro and macromanagement and of effecting a permanent cure and bringing about a temporary solution. Investigating and handling specific cases belongs to micromanagement and bringing about a temporary solution. Deepening reform and establishing a new structure will help solve recurring problems. This belongs to macromanagement and effecting a permanent cure. In discipline inspection work, if we are satisfied with limited investigation of cases and do not adapt ourselves to the objective requirements of the new situation for anticorruption, we will find it difficult to keep the initiative in anticorruption work.

Effecting a permanent cure and bringing about a temporary solution are the two aspects of anticorruption. Neither should be overemphasized at the expense of the other. While striving to effect a permanent cure, Hainan did not relax in the slightest degree in its efforts to investigate and handle cases of corruption. From January to December last year, the discipline inspection and supervision departments of the province placed 733 cases of party and government cadres violating discipline for investigation and prosecution, punished 650 party members who had violated discipline, of whom seven were cadres at the departmental level and above, 34 were at the office level, and 166 were at the section level. Some typical cases were exposed to the general public and the several unhealthy practices against which the masses of people had strong complaints were effectively rectified. Deepened reform and anticorruption have injected new vitality into economic construction. The province's economy is developing healthily and at high speed. The main economic indexes, such as gross national product and local financial revenues showed relatively big increases over the previous year.

While many people have some confused ideas about the launching of anticorruption struggle at a time when the old structure is being replaced by a new one, the Hainan

Provincial CPC Committee conscientiously implemented the party Central Committee's strategic plan of "grasping reform and opening up in the one hand and grasping anticorruption in the other," and has proven with its fruitful explorations and practice that the dialectical unity of "anticorruption and deepening reform" has opened a path of effecting both permanent and temporary solutions to fighting and eliminating corruption in the new period.

#### Report on Economic, Social Plans

OW0104095594 Beijing XINHUA Domestic Service in Chinese 2150 GMT 23 Mar 94

["Report on the Implementation of the National Economic and Social Development Plan for 1993 and the Draft Plan for National Economic and Social Development for 1994"—delivered by Chen Jinhua, minister in charge of the State Planning Commission, at the Second Session of the Eighth National People's Congress (NPC) on 11 March 1994]

[Text] Beijing, 24 Mar (XINHUA)—Fellow Deputies:

Entrusted by the State Council, I now submit a report on the implementation of the National Economic and Social Development Plan for 1993 and the Draft Plan for National Economic and Social Development for 1994 for your examination and approval, and also for suggestions from the members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] and other personnel present at the session as observers.

#### 1. The Basic Situation in the National Economic and Social Development in 1993

In 1993, under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the guidelines of the 14th National Party Congress, the people of all nationalities across the country united, worked hard, and continued to march forward triumphantly. On the whole, the National Economic and Social Development Plan for 1993 was implemented satisfactorily. Various reforms designed to establish a socialist market economy are being carried out in depth, step by step, and in a planned way according to the decision of the Third Plenary Session of the 14th CPC Central Committee, and have made important progress. China further opened its doors wider to the outside world; achieved sustained, rapid, and healthy national economic development [guo min jing ji chi xu kuai su jian kang fa zhan 0948 3046 4842 3444 2170 4958 1816 6643 0256 1660 4099 1455]; and made sweeping progress in various social undertakings.

1) Social production continued to increase rapidly. The gross domestic product [GDP] reached 3.138 trillion yuan in the whole year, up 13.4 percent over the previous year and 8 percent higher than the planned growth rate. The year's GDP growth rate breaks down into 4 percent for primary industry, 20.4 percent for secondary

industry, and 9.3 percent for tertiary industry. The rural economy saw overall growth. The output of grain and oil-bearing crops hit an all-time high. Grain output reached 456.4 million tonnes, 103.1 percent of the planned figure and 13.8 million tonnes more than for the previous year; the output of oil-bearing crops totaled 17.61 million tonnes, 106.7 percent of the planned figure and 1.2 million tonnes more than the previous year. The output of cotton and sugar dropped and failed to fulfill the plan due to a decrease in the cultivated area, plant diseases, and insect pests. The farming structure developed along the direction of producing high yields of fine quality crops with maximum efficiency. The output of animal husbandry and fishery posted comparatively rapid growth. The total output of meat increased 10.2 percent over the previous year; and the output of aquatic products grew 14.6 percent from the previous year. Village and township enterprises continued to enjoy vigorous development, and their development accelerated especially in the central and western regions of China. The nation's industry produced a total added value of 1.414 trillion yuan, up 21.1 percent over the previous year. Within this figure, heavy industry grew 22.2 percent; and light industry, 19.9 percent. The output of major products continued to increase. China produced 1.141 billion tonnes of coal, up 2.2 percent over the previous year; 144 million tonnes of crude oil, up 1.3 percent; 820 billion kwh of electricity, up 8.8 percent; 88.68 million tonnes of steel, up 9.6 percent; 2.039 million tonnes of ethylene, up 1.8 percent; 3.298 million tonnes of 10 kinds of nonferrous metals, up 10.2 percent; 360 million tonnes of cement, up 16.8 percent; 1.31 million automobiles, up 22.8 percent; and 2.215 million tonnes of chemical fiber, up 3.9 percent. The production of washing machines and refrigerators increased by more than 20 percent. The industrial sectors saw an improvement in their economic returns.

The sales rate of industrial products increased from 95.5 percent to 96.4 percent; the profit and taxation rate of funds increased from 10.1 percent to 10.6 percent; the turnover number of circulating funds increased from 1.66 to 1.71. The output and business volume of the construction industry continued to grow; new results were achieved in geological prospecting; new development was made in the tertiary industry. Efforts were made to exploit the potentials in the transportation and communications industries to meet production needs and needs in daily life. The railway cargo turnover volume reached 1,193.6 billion tonnes-km, an increase of 3.1 percent over the previous year; the business volume of the posts and telecommunications industry totaled 46.1 billion yuan, an increase of 58.9 percent over the year before. The financial, accounting, auditing, information, consultation services, and other trades providing direct services to the people also developed quite rapidly.

**2) Key Construction Projects and Technological Transformation Were Strengthened** The country's total fixed asset investment amounted to 1,182.9 billion yuan in 1993, or

147.9 percent of the annual plan, up 50.6 percent from the previous year. Taking price factor into consideration, the actual work volume increased 22 percent. Of the total fixed asset investment, investment in state-owned units' capital construction projects totaled 464.7 billion yuan and investment in technological upgrading and transforming totaled 219.2 billion yuan. To alleviate the constraint on economic development caused by the "bottleneck," greater increase was given to the investment in the transportation and communications industries—the investment in these two industries increased from 14.7 percent of the total investment in state-owned units' capital construction projects in 1992 to 20.2 percent in 1993. The amount of investment and work progress in railway construction were unusually high compared with those since the founding of the Republic. Preparations for the construction of the Chang Jiang Three Gorges key water control project, which has been decided by the NPC, were carried out in all areas. Construction of the first-phase earth and stone cofferdam project and the water diversion and canal dredging work were carried out smoothly; resettlement work has been carried out in full swing; good results were achieved in raising and securing funds for the project; new progress was made in the study of relevant major equipment and technical problems. Completion of key state construction projects was better than previous years—a number of backbone projects of restructuring nature were completed and put into use. A total of 133 large and medium capital projects were completed and put into operation in 1993 and 128 major technological upgrading and transformation projects were completed. Generators capable of generating 14.38 million kw of electric power were installed and the petroleum exploitation capability was increased by 15.42 million tonnes. A total of 1,019 km of new, multiple-track, and electrified railroads, and 3,556 km of highway were put into use; sea ports' handling capacity increased by 37.52 million tonnes; 3.672 million households were installed with telephones. A number of other projects for public interests were also put into use.

### **3) Foreign Trade and Economic and Technical Exchange Further Increased**

Opening up of the coastal areas developed toward improving local industrial structures; Shanghai's Pudong New Area quickened its development and opening up pace; a number of economic and technological development zones were established in some frontier and coastal cities and cities along Chang Jiang. Foreign trade continued to grow—import and export volume totaled \$195.8 billion, an increase of 18.2 percent over the year before. Of the total import and export volume, \$91.8 billion were of exports, up 8 percent from the previous year, and \$104 billion were of imports, up 29 percent from the year before. The export product mix was further improved—percentage of manufactured industrial products increased, of which machinery and electric appliances, which have a higher added value, increased to 24.7 percent. Utilization of foreign funds increased



sharply—a total of \$36.77 billion of foreign fund, an increase of 91.5 percent over the previous year, was actually used in 1993. Of the total foreign fund utilized, \$25.8 billion, an increase of 1.3 times over the previous year, were of foreign companies' actual direct investment. A total of \$10.8 billion, up 36.9 percent from the year before, of foreign loan were utilized in 1993. Foreign companies' investment pattern changed to some degree—investment in long- and medium-term development projects increased, investment by large companies and consortia outside the country increased, the investment gradually shifted to the construction of infrastructural facilities and basic industries, and investment in central and western parts of the country increased. Good results were achieved in the international tourism industry and the foreign exchange income from the industry increased considerably. The state's spot exchange reserve amounted to \$21.2 billion at the end of 1993, up 9 percent from the beginning of the year.

**4) The Domestic Market Was Brisk and Active** The total retail sales volume of consumer products amounted to 1,223.7 billion yuan in 1993, 26.1 percent more than the previous year. Taking price factor into consideration, the actual growth was 11.6 percent. Supply of consumer products was ample and the variety was great. A balance was maintained between supply and demand, or the supply outstripped the demand for more than 90 percent of commodities. The circulation volume of capital goods increased—the total sales of capital goods by material supply and marketing enterprises at and above the county level amounted to 779.6 billion yuan in 1993, an increase of 32.3 percent over the year before. The retail sales of capital goods for agricultural production use totalled 135.6 billion yuan—taking price factors into consideration, this actually is a drop of 7.8 percent from the previous year.

**5) Science, Technology, Education, and Other Social Undertakings Developed Robustly** New results were achieved in the state's key science and technological projects—a total of 33,000 major science and technological results at the provincial and ministerial levels were achieved in 1993 and 781 results were awarded by the state. New progress was made in transforming research results into practical productive forces. New varieties of major grain crops were grown on more than 20 million mu of land. Relatively good economic results and social benefits were achieved in developing and applying new industrial products and new technologies. A set of heavy-duty railway transportation technologies were put into use on some trunk railroads; optical fiber communication technology has entered the industrialization stage—"four-track" [si ci qun, 0934 2945 5028] optical fiber communication lines were completed and put into use between Beijing, Wuhan, and Guangzhou. New-generation well-drilling technology played a role in exploiting special oil reserves; important technological breakthroughs were made in developing the "Shu Guang No. 1" computer. The state increased investment in the

study of basic sciences and results of the current international standards were achieved in the study of superconductivity, botanical gene engineering, atmospheric sciences, geoscience, and information technology. The technology market developed in a healthy manner—the volume of technology transaction totalled 20.76 billion yuan in 1993.

Education further developed and the fundamental education was strengthened. About 97.7 percent of children at the primary school ages attended school; new development was made in secondary vocational education of various kinds. Ordinary institutes of higher learning enrolled 924,000 undergraduate students, up 22.5 percent from the previous year; students attending school totalled 2.536 million, 16.1 percent more than the year before. About 42,000 postgraduate students were enrolled in 1993, an increase of 27.3 percent over the previous year. New results were achieved in the cultural sector, in journalistic work, in the publication industry, and in radio broadcasting, film production, television, public health, and sports. New progress was made in family planning work—the natural population growth was 1.145 percent, or 0.243 percentage points lower than the planned target. New results were achieved in controlling environmental pollutions.

**6) Lives of Urban and Rural Residents Continued to Improve** In general, residents' incomes continued to increase. The annual per capita living-expense income of urban residents was 2,337 yuan—an increase of 10.2 percent over the previous year after taking price factors into consideration. The net per capita income of rural residents was 921 yuan—an increase of 3.2 percent after taking price factors into consideration. The balance of savings deposit of urban and rural residents reached 1,476.4 billion yuan, up 321.9 billion yuan from the end of the year before, representing an increase of 27.9 percent. Company shares, treasury bonds, and other financial assets owned by residents also increased considerably. Cities and towns across the country found jobs for 7.05 million people; the unemployment rate of urban areas was 2.6 percent at the end of 1993. The living conditions in urban and rural areas continued to improve—new residential houses with a total floor space of 836 million square meters were built in 1993, of which 266 million square meters were in urban areas, and 570 million square meters were in rural areas.

Important achievements and progress were made in national economic and social development, and in the reform to establish a socialist market economic structure in 1993. All sectors of the economy, with the public sector as their mainstay, continued to develop. The degree of application of market prices in the national economy was further heightened. Rural reform continued to deepen. New progress was made in reforming state-owned enterprises following the further implementation of the "Enterprise Law" and the "Regulations on Transforming the Operating Mechanisms of Industrial Enterprises Owned by the Whole People." Price relationships were further straightened out as a result of big



strides made in pricing reform. In the majority of the areas across the country the purchasing and marketing prices of grain and oil-bearing crops, and the prices of state-distributed coal and steel products were decontrolled, while the contract purchasing prices for some crude oil, railway freight transport, electric power, and cotton were increased. The markets for labor, capital, technology, information, and other basic means of production grew rapidly. Programs were studied and drawn up for deepening reform of the banking, financial and taxation, investment, planning, foreign trade, labor, wages, housing, and social security systems, some of which have been implemented while others will be gradually implemented.

These achievements were able to be achieved in 1993 because the people of the whole country, guided by the party Central Committee, continued to implement the important remarks of Comrade Deng Xiaoping and the guidelines of the 14th CPC National Congress, and seized the opportunities to accelerate reform, opening to the outside world, and the modernization drive. At the same time, the achievements were made because the party Central Committee and the State Council promptly adopted the measures to deepen reform and to strengthen and improve macroeconomic regulation and control to deal with the notable contradictions which had emerged in the operation of the economy. Practice in 1993 has proved that to realize sustained, rapid, and healthy development of the national economy, and to accelerate the building of a socialist market economic structure, we must not only give full play to the basic function of market forces in the allocation of resources but also strengthen and improve the state's role in exercising macro regulation and control over the economy. Macroeconomic regulation and control should suit the new situation. It is necessary to exercise indirect regulation and control by mainly adopting economic and legal means.

In 1993, while important achievements were made in the national economy, some major contradictions and problems remained in the economy. They are: excessive scale of fixed assets investment; irrational investment structure; the structural contradiction in economic growth is still very serious; infrastructural facilities and basic industries such as transportation, communications, petroleum, and electric power remain the "bottlenecks" restricting national economic development. Some state-owned enterprises were faced with fairly great difficulties. Their deficits were quite huge, and the number of losing enterprises continued to grow. Worthy of particular attention is that price rises were fairly high, considerably exceeding the target set by the macroeconomic regulation and control plan. The country's general index of retail sale prices rose 13 percent over that of 1992; the cost-of-living price index increased 14.7 percent, but in 35 large and medium-sized cities the cost-of-living price index went up 19.6 percent. Governments at all levels have expressed serious concern over these problems encountered in the course of advance and have taken, or

are taking, positive measures to solve them. In the area of prices, the State Council convened a meeting to stabilize the prices of grain and cooking oil, and also held a "vegetable basket" working conference to put grain and other important goods on the market, to stabilize market prices, to increase effective supply, and to strengthen supervision of market prices so as to stabilize the living conditions of the residents.

## 2. The Major Targets and Tasks of National Economic and Social Development in 1994

This year is a crucial year for us to establish the socialist market economic structure, as well as an important year for us to continue the good development trend of the national economy. To seize the opportunity, deepen reform, open up wider, promote development, and maintain stability is the overall task of the whole country. The 1994 plan for national economic and social development should be formulated and implemented in such a way as to serve the overall task. We should work under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, implement in an all-around way the guidelines of the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee, accelerate the pace of building a socialist market economic structure, open China wider to the outside world, strengthen and improve macroeconomic regulation and control, vigorously adjust the economic structure, promote technological progress, actively open new markets, enhance economic efficiency, control inflation, and maintain a sustained, rapid, and healthy development of the national economy.

In accordance with the above requirements, the major macroeconomic regulation and control targets for the national economic and social development in 1994 are as follows:

- Gross domestic product is to increase 9 percent over the previous year. That breaks down into 3 percent for primary industry, 10.7 percent for secondary industry, and 11 percent or higher for tertiary industry.
- Total investment in fixed assets is expected to reach 1,300 billion yuan. That breaks down into 875 billion yuan for state-owned enterprises and institutions, and 425 billion yuan for collective enterprises and institutions, and the private sector.
- The deficit for 1994 is expected to reach 66.9 billion yuan. Counting the principal and interest of internal and external debts and external loans for key projects due to be paid back in 1994, total internal and external debts for this year will amount to 129.2 billion yuan.
- Banks will grant 470 billion yuan in new loans.
- Total retail sales are expected to reach 1,600 billion yuan in value, including 149 billion yuan in the sales of agricultural capital goods.

- Imports and exports are expected to reach \$200 billion in value, with \$100 billion for exports and the same amount for imports.
- Inflation will be controlled under 10 percent for the whole of 1994.
- Efforts will be made to improve the economic efficiency of enterprises. That will include increasing the sales ratio of their products, boosting their ratio of profits and taxes to capital, improving their labor productivity, increasing their capital liquidity, and raising their energy-saving efficiency.
- The natural population growth rate is to be controlled at about 1.3 percent for the year.

In setting the above macroeconomic regulation and control targets, we have taken into consideration the needs in maintaining a sustained, rapid, and healthy development, the needs to create a more relaxed environment for starting major reforms this year, and the needs to create the necessary conditions for keeping a steady growth next year and even in several subsequent years, following this year's rapid and healthy economic development.

The major tasks of the national economic and social development for 1994 are as follows:

(1) Persistently put agriculture in the position of prime importance and develop the rural economy in an all-around way

We will continue to strengthen the agricultural base, invigorate the rural economy and increase peasants' income, all of which has a bearing on the overall situation of the nation's economic development and social stability. We will make every effort to obtain good agricultural harvests and ensure steady and increasing outputs of such principal products as grain, cotton, and oil bearing crops. Our plan projects an annual grain output of 450 billion kilograms, a cotton output of 4.85 million tonnes, and an output of oil-bearing crops of 17.65 million tonnes. We will comprehensively implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the national rural work conference, continue to carry out the party's rural economic policies, and implement "Agriculture Law," "Law on Popularizing Agricultural Techniques," and "Program of China's Agricultural Development in the 1990's." We will further deepen reform; stabilize and improve the household contract responsibility system with remuneration linked to output as the main form, as well as the dual management system that combines household with collective operations; and gradually switch agriculture and the rural economy onto the track of socialist market economy.

This year, we must do a good job in the following areas:

(1) Protect the arable land and see to it that the area planted with the principal crops is not diminished. We should see to it that 1.65 billion mu of land is planted

with grain and do what we can to raise the area for cotton to 90 million mu. We should pay close attention to high-yield crops including early long-grained nonglutinous rice and try our best to raise the per-unit output. (2) Develop farming, forestry, animal husbandry, sideline production, and fisheries in line with local conditions; develop a diversified economy that includes processing of agricultural products, manufacturing, and service trades; and raise the added value of agricultural products to increase peasant incomes. Continued efforts should be made to slash the financial burden on farmers. (3). Appropriately raise purchasing prices of grain and cotton when new crops are going on the market. (4) Help the major grain and cotton producing areas develop their economies. State support will be given to 500 major grain producing counties and 150 counties known for producing high quality cotton in developing their economies. (5) Develop a type of farming that provides high yields of fine quality with maximum efficiency, build a number of demonstration counties each with its own characteristics, and organize input in terms of new technology, funds, and materials in a well coordinated manner. (6) Step up construction of agricultural infrastructure facilities and improve the conditions for agricultural production. We should harness large rivers and lakes in an all-round manner, step up construction of key projects, and make preparations for projects of water diversion from south to north. We should continue constructing irrigation and water conservancy projects. Efforts should be continued to build large environmental protection projects including the shelterbelt networks in northwest, north, and northeast China and projects along the upper and middle reaches of the Chang Jiang and Huang He and along the coast. We should do a good job in conserving water and top soil along the upper reaches of the Chang Jiang and Huang He. (7) Increase agricultural input. This year, there will be a 35.6 percent hike in the central government's budgeted appropriation and bank credit for construction of farmland irrigation and water conservancy projects over last year. Local governments at all levels must also increase input in agriculture and, at the same time, guide the peasants to increase investment in terms of both labor and capital. (8) Speed up the dissemination of advanced, applicable technology. In 1994, we should expand the area planted with hybrid rice to 230 million mu; hybrid corn, 270 million mu; the area using prescription fertilizer, 650 million mu; the area using straw compost to fertilize farmland, 400 million mu; the area using polyethylene mulch, 70 million mu; and improve 50 million mu of waterlogged lowland and saline soil. We should popularize the technology of applying chemical fertilizer deep in the soil, the pattern [mo shi hua 2875 1709 0553] crop cultivation technique, and technology for preventing plant diseases and insect pests in crop farming, stock breeding, and fish farming. It is necessary to improve forecasting and monitoring of disastrous weather. A collectivized service system for agriculture should be developed. (9) Provide continued guidance to help village and township enterprises optimize their structure and improve efficiency in line with state industrial



policy. It is necessary to implement the central government's policy of helping the central and west regions and minority regions develop village and township enterprises. We should strengthen planning and guide township enterprises to concentrate appropriately, make full use of the existing small cities and townships, and build up new ones. (10) Implement the plan adopted by the CPC Central Committee and State Council to solve, within seven years, the problem of inadequate food and clothing for 80 million impoverished people. In 1994, the state will make available manufactured goods and foods worth 6.1 billion yuan—up 19.6 percent over last year—to work-relief programs to help old revolutionary base areas, areas inhabited by minority nationalities, border areas, and poverty-stricken areas develop their economies.

(2) Vigorously readjust the structure, improve management and operation, raise efficiency, and run large and medium state-owned enterprises well

Irrational economic structure and low economic efficiency are prominent problems in China's economic development today. In 1994, industries must truly focus on optimizing structure, improving efficiency, and maintaining an effective growth rate through deepening reform, opening new markets, strengthening management, and accelerating technological progress. Toward this goal, special efforts shall be made to carry out the following tasks: First, we shall actively increase the output of basic industrial products that are in short supply and enhance our ability to maintain sustained and rapid growth of the national economy. We project the output of raw coal in 1994 to be 1.16 billion tonnes; crude oil, 144.1 million tonnes; electricity generated, 890 billion kwh; steel, 91 million tonnes; the 10 kinds of nonferrous metals, 3.3 million tonnes; and ethylene, 2.1 million tonnes. Second, we shall promptly adjust product mix in light of market demands, actively support the production of readily salable goods, do a good job of limiting the production of overstocked goods and promoting their sales, and vigorously open and expand domestic and overseas markets, particularly the rural market. We shall actively develop new products, designs, colors, styles, and varieties to meet different levels of consumer demands. Third, we shall truly give top priority to improving product qualities, perfect quality control and warranty systems, initiate a quality certification system, and bring into full play the role of market forces in raising product quality and ensuring survival of the fittest. We shall resolutely deal with the manufacturing and selling of fake and substandard products in accordance with the law. Fourth, we shall strive to reduce consumption of energy and raw and semifinished materials, accelerate the turnover of funds, and reduce production cost. We shall take further steps to halt losses and increase profits. We demand that for the whole year, electricity consumption for every 10,000 yuan's worth of industrial products drop 8-10 percent; the sales rate of manufactured goods be maintained at over 96 percent; the turnover rate of circulating funds increase from 1.71

to 1.75; overall labor productivity, the ratio of profits and tax to capital, and ratio between production cost and profit increase further; and both the number of money-losing enterprises and the amount of money lost drop.

State-owned enterprises, particularly large and medium-sized enterprises, are the pillar of China's economic development and revitalization. Therefore, we must make greater efforts to improve their performance. In line with the requirement to change enterprise operating mechanisms and establish a modern enterprise system, we shall deepen enterprise reform, ensure that enterprises truly have the rights and interests as well as responsibilities due to them, increase their vitality, and raise their ability to compete and develop new products and technologies to meet changing market demands. We shall earnestly implement the "General Financial Rules for Enterprises" and the "Guiding Principles for Enterprise Accounting" and establish a standard financial and accounting system. We shall earnestly strengthen the management of state-owned assets, and make enterprises responsible for preserving and increasing the value of the state assets to prevent their losses. We shall bring into active play the role of large enterprise groups in readjusting the industrial structure and enterprise organizational structure. We shall attach great importance to and earnestly strengthen safety in production.

(3) We shall maintain a rational scale of investment in fixed assets and vigorously optimize the investment structure

In light of the currently overextended scale of investment in fixed assets that are under installation, we must strictly control excessive investment growth this year, shifting the focus of our work to optimizing the investment structure and improving investment returns. Capital construction, technical upgrading, and real estate development will receive 485 billion yuan, 250 billion yuan, and 80 billion yuan, respectively, in fixed-assets investment by state-owned units in 1994. In accordance with the demands of industrial policy, we shall increase investment in infrastructure, basic industries, and backbone industries, mainly devoting additional state investment to agriculture, water conservancy, transportation, communications, energy, major raw and semifinished materials, electronics, science and technology, and education. We shall expand investment in exploiting resources in the west-central region. In investing in key construction projects, we shall first concentrate on projects that have been completed and put into operation, projects that must be continued, and key projects in the "Eighth Five-Year Plan" that must be launched. Specifically, we shall concentrate on a number of major projects which affect overall interests. These include projects to harness the Huai He, Tai Hu, and Dongting Hu; the Xiaolangdi water control project and other water conservancy projects on the Huang He; the Beijing-Jiulong and Lanzhou-Xinjiang railways; key port projects in Qinhuangdao, Dalian, and Shanghai; the Beijing-Shenyang-Harbin, Beijing-Wuhan-Guangzhou, and Xining-Lanzhou-Urumqi fiber-optics cables; and



key projects such as large coal bases, hydroelectric stations, thermal power stations in the eastern region, Shanxi, Inner Mongolia, and Shaanxi. We shall intensify efforts to complete automobile projects selected by the state, the Wuxi microelectronics project, and special projects on application-oriented satellites. We shall make preparations for the early stage of the Three Gorges project on the Chang Jiang, simultaneously starting construction on both banks of the river. We shall begin full-scale construction of transportation projects leading to other places and the Xiling bridge. We shall complete land requisition in the dam area and the resettlement of residents. We shall continue preparations for the early stages of Phase Three of the Baoshan Iron and Steel Complex and other key projects. We shall strictly control investment in processing industries with excess production capacities. We shall launch infrastructure and basic industrial projects in accordance with the principles of overall state planning, rational distribution, efficiency, and acting within our means, and in order of importance and urgency. We shall give priority to key state projects that have a bearing on overall interests, and avoid launching redundant projects indiscriminately. This year, we will not approve various types of new development zones. The construction of tourist facilities, guesthouses, and office buildings essential for opening up to the outside world must be reported for approval in accordance with prescribed state procedures, and they must be strictly controlled.

We shall make further efforts to upgrade the technological levels of existing enterprises, particularly large and medium state-owned enterprises, as well as old industrial bases. To improve economic returns, we shall improve enterprises' capacity for self-development and encourage them to pursue expanded re-production. To meet the requirements of readjusting the investment structure and improving economic returns, we shall mainly funnel investment in technical upgrading to developing new products, improving product performance and quality, upgrading products, reducing consumption of energy and raw and semifinished materials, and promoting production safety and environment protection. We shall increase financial inputs in upgrading the technological levels of industrial enterprises in the communications, transportation, energy, and raw and semifinished materials sectors.

The key to controlling the investment scale, optimizing the investment structure, and improving investment returns lies in accelerating reform of the investment structure. We shall gradually institute a risk responsibility system for corporate and credit investment. We shall adopt different investment and financing methods for differing investment fields, and gradually turn enterprises into principal investment vehicles. We shall rationally delineate the scope of investment in infrastructure and public welfare by governments at all levels, as well as their responsibilities for such investment. We shall give full rein to the National Development Bank's functions in policy-related investment and funding. We shall guide

localities and enterprises to funnel more funds toward infrastructure and basic industries through various means, such as joint investment and stock investment, in accordance with state policies, laws, and regulations. And we shall institute a system by which representatives of legal entities will assume responsibility for construction projects, as well as a bidding system and a system of reporting and registering construction projects.

**(4) Open wider to the outside world and make active and efficient use of foreign funds, resources, technology, and markets**

We shall seize the current favorable international climate to further expand foreign trade and economic and technological exchanges. Through the restructuring of the foreign trade and foreign exchange systems, we shall promote an increase in exports and allow a reasonable flow of imports to achieve a balance between foreign exchange revenues and expenditures for the year. In export trade, it is necessary to unswervingly implement the strategy of market diversification with product quality as a top concern, and open up new markets while maintaining and developing existing ones. It is necessary to continue to improve the mix of export products, accelerate a switch from exporting semi-processed goods to intensive-processed goods, and encourage and promote the export of high- and new-tech products. It is necessary to integrate technology, production, and trade; and vigorously expand the export of mechanical and electrical products and complete sets of equipment that are competitive on the international market, rely heavily on modern technology, and have a high added value and good export potential. It is imperative to speed up the establishment of a quality certification system. It is necessary to encourage and support stronger large and medium-sized enterprises with good credit to move into foreign markets with quality products and good after-sales services. It is imperative to develop integrated trade companies in the form of enterprise groups for different industries to engage in international trade. It is necessary to strictly implement the system of making settlements and sales in foreign exchange for exports, raise the settlement rate for exports, and improve the system of tax refunds on exports. It is imperative to strengthen control over imports and optimize the import mix. We shall continue to severely crack down on smuggling. We shall tighten supervision over enterprises located abroad by exercising strict control over the outflow of foreign currency in investment and capital accounts outside the country. We shall continue expanding international tourism and increasing foreign exchange revenues from non-trade sources. It is necessary to diligently check trade and non-trade collection and payment of foreign exchange, and to strengthen supervision over and examination of the collection and payment of foreign currency to prevent leaks resulting from arbitrage and evasion of state control over foreign currency and from capital drain.

We shall continue to operate in an efficient way special economic zones, the Pudong New District in Shanghai,

open coastal cities, and economic and technological development zones, and open up more central cities in border regions, along the Chang Jiang river and in the interior. It is necessary to further improve the investment climate in China, expand the scope of projects using foreign funds, improve the performance and quality of projects using foreign funds, and make efficient use of foreign funds. It is necessary to absorb more direct foreign investment in line with the country's capacity to provide supplementary funding and increase the proportion of foreign investment committed to projects. It is imperative to guide the orientation of foreign investment in accordance with the state's industrial policies, directing more foreign investment towards infrastructure and basic industries, key projects and technology upgrading in existing enterprises, in particular towards projects that make foreign-exchange-earning products. It is necessary to support the central and western parts of the country in using foreign capital to develop local resources. Sino-foreign joint ventures and cooperative enterprises should strictly abide by the principle of sharing both benefit and risk, and work to achieve a balance of payments in foreign exchange. State-owned enterprises must evaluate their assets before they sell stock rights or use existing assets to establish joint ventures or cooperative enterprises with foreign businesses so as to prevent the loss of state assets. It is imperative to strictly control the use of international commercial loans, continuing to keep it under mandatory planning control. It is necessary to encourage and support localities, departments, and enterprises with heavy foreign debts to establish a system of debt repayment financing to ensure that foreign debts are repaid on schedule.

**(5) Earnestly shift economic construction onto the path that relies on scientific and technological progress, and further develop educational undertakings**

We shall continue to implement the guiding ideology that science and technology constitute the primary productive force, and the "National Medium- and Long-Term Science and Technology Development Programs." We shall focus this year's science and technology-related work on the following areas: First, it is necessary to vigorously promote advances in industrial technology. Through the technology market and the support of necessary credit and investment, we shall popularize the application of a number of scientific and technology research results that have a high added value and that can cover a wide range of areas and promote many others and can yield good economic returns, to facilitate better and faster application of scientific and technology research results in production and construction. Second, it is necessary to continue to promote key scientific and technology research projects that have a major impact on economic and social development, and to apply major scientific and technology achievements in industries. We shall organize a number of key state industrial experimentation projects in some leading industries and high-tech areas; continue to implement high-tech research and

development plans and the "Torch Program"; and accelerate the commercialization, industrialization, and internationalization of high- and new-tech products. Third, it is necessary to strengthen the construction of basic scientific research facilities and improve the quality of scientific and technical personnel. We shall build new and expand a number of engineering technology research centers and key state laboratories, and further carry out the "Climbing Program." Fourth, it is necessary to help enterprises become the mainstay in technological development. We shall bring into further play the role of market forces to promote the integration of science and technology with the economy. We shall encourage and guide scientific and technology development institutes to gear their operations to markets and to set up high- and new-tech enterprises. We shall encourage enterprises to cooperate with institutions of higher learning and scientific research units in establishing technology development organizations of various types, and shall support qualified enterprise groups, and large and medium-sized enterprises in establishing technology development centers. In assigning talented scientific and technology personnel and utilizing science and technology development funds, we shall increase the proportion of enterprises and form a system for promoting technological progress which closely integrates market, research, and production.

We shall continue to place education in a strategic position and earnestly implement the "Program for China's Educational Reform and Development." We shall further strengthen elementary education, make concentrated efforts to implement the nine-year compulsory education, and provide greater support to outlying and poverty-stricken regions to help them implement compulsory education. We shall develop secondary vocational education and different types of adult education. We shall steadily develop higher education, provided conditions for setting up and operating school are there and teaching qualities can be guaranteed. Regular colleges in the country will enroll 895,000 regular and special program students and 42,000 post-graduate students in 1994. Schools of different types and at all levels shall pay attention to raising teaching standards and improving performance. We shall continue to increase investment in education. The government shall assume primary responsibility for investing in compulsory education. At the same time, the general public and nongovernment sectors are encouraged to raise funds at different levels and in different forms to invest in schools. Vocational and adult education shall orient more to market demands so as to arouse the initiatives of all quarters of society to build and operate schools. We shall reform the structure of higher education to encourage joint operation of schools and to gradually institute a system of managing higher education at the central and local levels. Greater decisionmaking power shall be granted to local and school authorities to set up and operate schools. Schools in different categories and at all levels shall attach importance to and improve moral education. We shall earnestly implement the "Teachers



Law," strive to improve teachers' pay and benefits, and take further steps to strengthen the building of teachers' ranks.

(6) Continue to improve the people's livelihood and develop various social undertakings

We shall continue to improve the living standards of the people on the basis of economic growth and increased labor productivity. We shall work hard to increase the peasants' income, making it an important task in this year's economic work. We shall develop the rural economy in an all-round way and appropriately increase the procurement prices of grain and cotton so that there will be a considerable increase in the peasants' income. State-owned enterprises shall appropriately increase workers' wages as production increases and economic returns improve. We shall continue implementing the civil service system reform and the reform of the wage system in public institutions. We shall concern ourselves with and properly provide for the livelihood of retired personnel, workers in enterprises having problems operating, and peasants in poor areas. We shall adopt measures to help them overcome difficulties. We shall continue to open new avenues to broaden the labor market, guide the rational movement of surplus personnel in public institutions, enterprises, and rural areas, and increase urban employment. We shall actively promote reform of urban commercial housing, reduce housing construction cost, and increase residential housing construction. To meet the need of continued reforms and maintain social stability, we will gradually establish a multi-form, multi-tier social security system.

Promoting all-round progress in social undertakings is an important task of macro-controls by the state. We will further strengthen socialist spiritual civilization as well as actively develop cultural, press, publishing, broadcasting, film and television, health care, and sports sectors. We should increase input, in different forms and through different channels, for improving the infrastructure facilities for social development. We will continue to earnestly and effectively tackle family planning by paying more attention to rural areas and the migrant population, and work to control the natural population growth rate within macroeconomic control targets. We should further strengthen environmental protection, control pollution, plant trees, and improve the ecological environment. We will protect and rationally utilize natural resources such as land, minerals, forests, and water. This year, the state will also draw up an outline for the development of national social undertakings to guide work in this regard.

### 3. Strengthen and Improve Macroeconomic Regulation and Control; Comprehensively Accomplish the 1994 Plan for National Economic and Social Development

The task of reform and development for 1994 is onerous. To accomplish this year's economic and social development plan in an all-round manner, we must do hard, solid work in many areas. One of them is to strengthen

and improve macroeconomic regulation and control in line with the needs of establishing a socialist market economic system, deepening reforms in major areas, and maintaining the momentum of sustained economic growth.

(1) The basic point of departure in carrying out macroeconomic regulation and control is to maintain balance and unity between reform, development, and stability. We are faced with a rare historic opportunity for speeding up the reform, opening up, and modernization drive. On the one hand, we are advancing economic restructuring amid fast economic growth; on the other hand, we need to maintain a fast economic growth—social stability as well—while establishing a socialist market economic system. Reform is the motive force of development, and development is the foundation of reform and stability, and stability, in turn, is a prerequisite for economic and social development. Without social stability, nothing can be accomplished.

After two consecutive years of fast economic growth, the "bottleneck" industries have become an even greater restraining factor, and pressure for inflation has risen. Under these circumstances, it is necessary to pay close attention to the following in order to properly balance the relations between reform, development, and stability: First, we should maintain the momentum of fast economic development and, at the same time, keep a watch on the tightened situation in terms of macroeconomic regulation and control. We must not blindly pursue high growth rates in disregard of actual conditions. Nationally, the 9 percent growth rate set for this year is appropriate. Instead of vying with one another for the highest growth rate, localities should set their growth rate rates in the light of their respective conditions. Development is the last word. To develop we must have new ideas. It is crucial to place the emphasis on optimizing the economic structure, quickening technological progress, strengthening operations and management, and upgrading economic efficiency. Second, work out well-considered plans for reform in such sectors as finance, taxation, banking, investment, foreign trade, and the enterprise system in accordance with plans announced by the CPC Central Committee and State Council. We should do a good job in coordinating the various reform measures, execute well the transition from an old system to a new one, and do a good job in providing guidance through the media, and in propaganda and ideology work. Meanwhile, we should closely watch—and tackle in a timely fashion—the new situations and problems arising in the course of reform. Third, we should bring inflation under control and maintain market stability. This is a major concern affecting the steady growth of the economy and the immediate interests of the broad masses of the people. All localities and departments must take it seriously, coordinate their efforts, and employ a combination of economic, legal, and when necessary, administrative means to ensure the healthy operation of the economy.



(2) The main task of macroeconomic regulation and control is to maintain an overall balance of the total supply and demand of society. To fulfill this task, it is imperative to use all means to increase effective supply and prevent overall social demand from rising too rapidly.

First, it is necessary to exercise strict control over investment in fixed assets. We shall earnestly implement the "Circular on Continuing to Strengthen Macroeconomic Regulation and Control Over Investment in Fixed Assets" issued by the State Council last January. No locality or department should be allowed to go beyond the state-approved investment scale of fixed assets and to resume without authorization construction of projects suspended or postponed last year. Banks at all levels must strictly abide by state plans on loans for fixed assets investment, must exercise strict control over loans for fixed asset investment, and should refuse to finance any new projects not approved by the State Council or the State Planning Commission, or any projects outside state plans. It is necessary to standardize operations and strengthen the supervision over inter-bank loan markets, strictly implement state plans for issuing stocks, and resolutely check illegal fund-raising activities. It is necessary to effectively prevent the resurgence of development zone, and housing and real estate crazes. Housing and real estate development should be focused on building commercial residences in conjunction with housing reform. No locality should be allowed to expand fixed assets investment scale in the name of residential housing construction. To guard against haphazard and redundant construction, the State Planning Commission shall work together with departments and localities concerned in expeditiously drawing up a number of special programs on products and projects in great demand, so as to more effectively use both market and planning to optimize the distribution of resources.

Second, it is necessary to rationally control and guide the growth of consumer demand. We shall earnestly implement the "Circular Concerning Wage Reform of Staff Members of Offices and Institutions" issued by the State Council last year, and strictly control the volume of wage increases. We shall take effective measures to ensure that the total payroll of workers and staff of an enterprise grow at a lower rate than the enterprise's economic returns, and the growth rate of average wage of workers and staff is lower than the increase of labor productivity. We shall guard against draining state assets to increase individual incomes. We shall use economic means to regulate individual incomes and strengthen tax collection and management, especially the collection and management of individual income taxes. We shall firmly check indiscriminate issuance of bonuses and subsidies. We shall encourage an atmosphere of advocating thrift and actual results, and working hard to start a new undertaking in the whole society, and shall resolutely overcome the widespread practice of waste and extravagance.

Third, it is necessary to continue to keep money supply and credit under control, and tighten budgetary

restraint. Through the restructuring of banks, we shall strengthen the central bank's functions for regulating and controlling currency and supervising various banking institutions, and shall exercise strict control over the basic volume of currency in circulation. All banks and other banking institutions must strictly control the volume of loans, and energetically optimize the pattern of loans to ensure needs for key production and construction projects and increase the efficiency of using funds. We shall continue to consolidate order with regard to money. We shall actively promote fiscal and taxation reform, go all out to broaden sources of income and cut back expenditures, increase financial revenues, control financial expenditures from growing too rapidly, reduce the balance between revenues and expenditures, and control financial deficits within the targets of macroeconomic regulation and control.

(3) Macroeconomic regulation and control should focus on controlling the margin of overall price rises. To further rationalize prices, cultivate and expand the market system, and promote economic restructuring and development, this year we shall appropriately readjust the prices of energy, grain, and cotton after fully taking into account what the state, the enterprises, and the masses can tolerate. In view of the high price rises since the beginning of last year, there will be intense pressure with regard to price hikes this year. Therefore, while pushing ahead with price reform, we must use every possible means to keep the margin of price increases within the targeted range of macroeconomic control and regulation. To this end, it is necessary to take the following measures: 1) We should work hard to increase effective supplies of goods and make every effort to promote the production and supply of daily necessities, especially the production and supply of such major farm products as grain, cotton, edible oil, sugar, and meat and the "vegetable basket" project in cities. 2) We should, in line with the central authorities' arrangements, carefully organize the implementation of price adjustment measures formulated by the state. No department or locality should be allowed to exploit the chance to drive up the prices of goods and service charges. Meanwhile, we shall correctly implement the new taxation system and shall not allow anyone to take advantage to increase the current prices of factory, wholesale and retail goods.

3) We should establish channels that permit the free flow of commodities, eliminate various barriers to commodity distribution, reduce intermediate stages in the distribution process, lower costs, establish long-term and stable relations of supply and marketing between areas producing nonstaple foodstuffs, and those marketing them in the cities, and improve the allocation and transportation of grain, cooking oil, and other essential commodities. 4) We should establish a sound reserve system for grain, cotton, cooking oil, meats, sugar, and other major farm products; establish a full-fledged risk-control fund for grain and nonstaple foodstuffs; improve market regulation; and control prices. 5) We should improve the market-based monitoring and control

system. We should step up supervision and control over the prices of daily necessities and basic services. While keeping their actual conditions in mind, all localities should specifically produce lists of essential commodities whose prices are subject to monitoring and control. Moreover, we should establish and implement a system under which prices for goods and services are clearly marked, as well as a system for registering and reporting price increases for a few important commodities. All localities must seriously implement the "Circular on Strengthening Efforts To Monitor and Review the Prices of Daily Necessities and Services" promulgated by the State Council and the "Provisions on Clearly Marking the Prices of Goods and Services" promulgated by the State Planning Commission. We should continue to overhaul all kinds of unwarranted fees; stop monopoly industries from increasing prices indiscriminately and covertly; give full rein to the roles of media departments and consumer and trade organizations; and enlist public opinion and the masses in tightening supervision over commodity prices. 6) We should set standards governing market order and improve market administration. We should accelerate the process of enacting laws on markets and prices, encourage fair competition, oppose monopolistic practices, protect legitimate profits, and stop the practice of making staggering profits through fraudulent means. We should also step up the inspection of price-related law enforcement efforts. The State Council has decided to conduct two nationwide general price surveys during the first and second halves of this year, and to investigate and sternly deal with illegal price increases and actions disruptive to market order. 7) Administrative departments in charge of prices, as well as industry and commerce, at all levels should earnestly step up their efforts to monitor and inspect market prices and order, and better perform their functions of monitoring and controlling prices and markets.

(4) The macroeconomic regulation and control system needs to be improved continuously during the course of deepening reform. To develop the socialist market economy and maintain sustained, rapid, and healthy development in the national economy, we must gradually establish a sound macroeconomic regulation and control system in accordance with the "Decision on Some Issues Concerning the Establishment of a Socialist Market Economic Structure" of the Third Plenary Session of the 14th CPC Central Committee. 1) All departments and localities must maintain the state's authority in exercising macroeconomic regulation and control, ensure the fulfillment of this year's goals and tasks for state macroeconomic regulation and control, and carefully consider and serve the overall requirement for the state to exercise macroeconomic regulation and control when drawing up their work plans. 2) We should establish a mechanism by which planning, banking, and finance will restrain each other; improve the overall coordination of economic operations; promote the integration of various macroeconomic policies; and encourage the comprehensive application of economic, legal, and essential administrative means, so that the

different components will work closely with each other and combine to form a joint force. We should conduct fine-tuning on a timely basis to avert the buildup of contradictions, prevent drastic economic upswings and downswings, and improve the effectiveness of macroeconomic regulation and control. 3) We should step up efforts to monitor economic trends and issue advance warnings and forecasts of such trends. We should closely track economic trends, study potential contradictions and problems in economic activity, issue advance warnings on a timely basis, and adopt practical and effective policy measures. We should strengthen and improve the system of collecting, analyzing, and releasing information on the national economy and on various markets, giving full scope to the role of information-based guidance in promoting the healthy operation of the national economy. 4) We should continue to deepen reform of the planning system and let state planning play its due role in macroeconomic regulation and control. In accordance with the requirements of the decision of the Third Plenary Session of the 14th CPC Central Committee, we should stress the macroeconomic, strategic, and policy aspects of planning work; draw up long-term, mid-term, and annual plans; and set forth rational strategies, goals for macroeconomic regulation and control, and industrial policies for national economic and social development. We should devise plans for the major components of the economic structure, for the distribution of productive forces, for land conservation, and for key construction projects. We should coordinate the application of macroeconomic policies and levers in an all-around way.

Fellow deputies: Successful planning for this year's economic work carries important implications for expediting the pace of building a socialist market economic structure; for maintaining sustained, rapid, and healthy development in the national economy; and for promoting overall social progress. We should rally more closely around the party Central Committee with Comrade Jiang Zemin as the core, emancipate our minds, seek truth from facts, take overall interests into account, work in a down-to-earth manner, and make great efforts to fulfill the 1994 national economic and social development plan under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and of the party's basic line.

#### Supreme Procuratorate Work Report to NPC

OW3103140394 Beijing XINHUA Domestic Service in Chinese 2148 GMT 25 Mar 94

["Work Report of the Supreme People's Procuratorate"—delivered by Zhang Siqing, procurator general of the Supreme People's Procuratorate, at the Second Session of the Eighth National People's Congress (NPC) on 15 March 1994]

[Text] Beijing, 25 Mar (XINHUA)—Fellow deputies:



I would now like to deliver a report on the major situation of procuratorial work in 1993 and the main tasks for 1994 at this session. Please examine it.

In the past year, on the basis of the guidelines laid down by the 14th National Party Congress and the First Session of the Eighth NPC, the Supreme People's Procuratorate assumed overall responsibility for various procuratorial activities under the principle of "strictly enforcing laws and paying close attention to handling cases." People's procuratorates at all levels as well as special procuratorates for the military and for railroad transport departments strengthened their functions of legal supervision; concentrated efforts on investigating such big, important cases as corruption, bribery, and so forth; cracked down on serious criminal activities; and investigated criminal cases of infringement on the democratic rights of citizens and dereliction of duty, thereby making positive contributions to maintaining national and social stability and to ensuring the establishment of a socialist market economy as well as the smooth progress of modernization. 1. Procuratorial Organs Concentrated Efforts on Investigating Big, Important Cases and Scored Certain Achievements in the Anticorruption Drive.

In 1993, procuratorial organs across the country placed a total of 56,491 criminal cases, including corruption and bribery cases, on file for investigation. Among them 30,877 were corruption and bribery cases; 13,148 cases of them involved amounts between 10,000 and 100,000 yuan; 955 cases, between 100,000 and 500,000 yuan; 77 cases, between 500,000 and 1 million yuan; and 57 cases, over 1 million yuan. Embezzlement cases numbered 13,663; 208 such cases involved amounts in excess of 1 million yuan. There were 7,457 cases of tax evasion, refusal to pay taxes, and obtainment of export duties drawback from the state by fraud; 40 such cases involved amounts in excess of 1 million yuan. There were 3,436 cases of trademark infringement; 50 such cases involved amounts in excess of 1 million yuan. There were 1,037 cadres at the county departmental level and above found guilty of the abovementioned crimes and all of them were placed on file for investigation; 64 of them were cadres at departmental and bureau levels; and 1 of them was a cadre at the vice ministerial level. Aside from those criminal cases which are under investigation and prosecution, misdemeanors which were absolved from prosecution, and other misdeeds which did not constitute a crime and were transferred to relevant departments for handling, the number of criminals prosecuted on charges of the various crimes mentioned above reached 19,357 as of the end of last year; 201 of them were cadres at the county departmental level; and 16 of them were cadres at departmental and bureau levels. Procuratorial organs ordered the return of stolen money and goods amounting to 2.2 billion yuan to the authorities through the handling of such criminal cases.

After Comrade Jiang Zemin delivered an important speech at the Second Plenary Session of the Central Discipline Inspection Commission on 21 August 1993,

the party committees and governments at all levels attached great importance to launching the anticorruption drive. They adopted a resolute attitude, took prompt actions, and did a large amount of work. Responding to a call issued by the CPC Central Committee, the vast numbers of cadres and the masses actively informed against and exposed criminals guilty of corruption and bribery. Procuratorial organs handled over 120,000 clues given by cadres and the masses informing against criminals from September to December. Procuratorates at all levels resolutely implemented the guidelines of the instructions given by the CPC Central Committee; upheld the principle—"be sure to thoroughly and accurately investigate criminal cases with firmness of resolve and with care;" sorted out and investigated, one by one, the clues given by the masses informing against criminals in big, important cases; implemented a responsibility system for chief procurators in handling cases; improved centralized command and coordination; and concentrated efforts on cracking a number of big, important cases. From September to December, procuratorial organs placed on file for investigation a total of 8,538 big cases of corruption and bribery involving amounts in excess of 10,000 yuan and embezzlement involving amounts in excess of 50,000 yuan, exceeding the same period of 1992 by 5,883 cases; they placed 715 cadres at the county departmental level and above (including 61 cadres at departmental and bureau levels) on file for investigation and punishment for corruption and taking bribes, more than the same period of 1992 by about 6.8 times. From September 1993 to January 1994, procuratorial organs prosecuted 14,649 criminals on charges of corruption and accepting bribes; 182 of them were cadres at the county departmental level; and 14 of them were cadres at departmental and bureau levels. Through the cracking of big, important cases and through the propaganda of legal policies, procuratorial organs prompted a number of criminals to surrender to the authorities. There were 671 criminals guilty of corruption and other crimes who surrendered to procuratorial organs between September and December.

1) Investigations and handling of criminal cases involving embezzlement and bribery by staff members and leaders of party and government organizations. Last year 6,011 cases of staff members, including some senior leading cadres, of party and government organizations were placed on file for investigations of embezzlement and bribery. For example, the procuratorial organ prosecuted, after completing its investigation, Li Xiaoshi, vice minister in charge of the State Science and Technology, for taking advantage of his position to support the Beijing Great Wall Mechanical and Electrical Science, Technology, and Industry Company's illegal fundraising activities, for accepting a 40,000 yuan bribe from its president Shen Taifu and other bribes from Hong Kong businessmen, and for embezzlement and ownership of huge assets with dubious sources. While screening the Great Wall Company's illegal fund-raising activities, the procuratorial organ investigated clues to



alleged embezzlement and offering and accepting of bribes by staff members of the company and its branch offices and by its shareholders. As of the end of last year, procuratorial organs of Beijing Municipality and Liaoning, Guizhou, Guangdong, Gansu, and Heilongjiang Provinces had placed on file for investigation a total of 35 criminal cases related to the Great Wall Company and over 20 party and government functionaries, journalists, and accountants, who accepted bribes and facilitated the company's illegal fund-raising activities. The Great Wall Company's president, Shen Taifu, has been prosecuted for major embezzlement and bribery crimes. Judging from the investigation of the case, where principal leaders of a locality or department are degenerate and commit embezzlement and bribery, crimes in this locality or department will be relatively serious. The Fujian provincial procuratorial organ cracked an extraordinary criminal case of bribery involved the Minjiang Engineering Bureau of the Ministry of Power Industry. Five bureau-level cadres, including the bureau director and party secretary, and 10 section-level cadres abused their powers of approving engineering contracts, and solicited and accepted bribes totaling more than 3 million yuan. Last September, the procuratorial organ of Tieling city in Liaoning cracked a shocking criminal case of embezzlement, bribery, misappropriation of public funds, and tax evasion involving the Changtu County Grain Bureau. Director Gui Bingquan, deputy director Yang Maoyuan, and other bureau personnel abused their powers to sell inferior quality equipment to grain depots in the county, and collaborated in soliciting and accepting bribes. After placing 43 persons on file for investigation, the procuratorial organ decided to arrest 25 and confiscated 32 million yuan in illicit money.

2) Investigations and handling of criminal cases involving embezzlement, solicitation and acceptance of bribes, and other irregularities by judicial personnel. Last year the procuratorial organs placed on file for investigation 1,840 criminal cases involving judicial personnel. Some of them abused powers and perverted justice for bribes. For example, Guo Zhengmin, director and party secretary of the Guozhou Provincial Public Security Department, took advantage of his position and power in illegally approving exit permits for other people and accepted more than 100,000 yuan in bribes. Procuratorate chief Chen Zhiwen of the Changping County Procuratorate of Beijing Municipality abused power and accept some 20,000 yuan in bribes. Li Kaifu, member of the Judicial Committee and head of the No. 1 Criminal Court of the Hubei Provincial Higher Court, accepted 10,000 yuan bribe from the family of a death-row prisoner and promised to change the verdict to a suspended death sentence. Individual judicial personnel even colluded with criminal gangs in committing crimes. The procuratorial organs seriously investigated and handled these criminal cases related to violations of law by judicial personnel in the course of enforcing law, thereby upholding the dignity and justice of the state laws.

3) Procuratorial authorities have prosecuted cases involving administrative and law enforcing personnel

soliciting and accepting bribes. According to incomplete statistics, in 1993 procuratorial authorities investigated over 1,000 cases concerning crimes committed by administrative and law enforcement personnel. Abusing their authority, certain administrative and law enforcement personnel solicited and accepted bribes and withheld services if they were not paid. Some even worked in collusion with felons and engaged in such crimes as smuggling, letting in smuggled goods, and defrauding the state on tax refunds, causing enormous losses to the state. After being bribed by personnel of an import-export company in Gansu, Wang Tianpeng, deputy director of the Gansu Taxation Bureau, approved the refund of 810,000 yuan of taxes to the company even though he knew clearly that the bills and vouchers presented by the company for tax refund were forged. A lot of money belonging to the state was thus swindled. Wang Youyi, director of the Fujian Zhangzhou Custom Office, helped a Zhanghai Company cheat the state for more than 6 million yuan through importing 10,000 tonnes of tax-free rolled steel for the company's consumption, in the name of 17 "foreign-funded" enterprises. The company reaped illegitimate profits of 1.8 million yuan from business deals amounting to 34.7 million yuan. Procuratorial authorities' prosecution of criminal cases involving administrative and law enforcement personnel has important significance for safeguarding the state's administrative order as well as the establishment of a socialist market economic system.

4) Procuratorial authorities have prosecuted corrupt and bribe-accepting personnel of financial and economic departments. In 1993, especially during the second half of the year, procuratorial authorities at all levels coordinated closely with the implementation of the CPC Central Committee and State Council decision to strengthen macroeconomic regulation and control, earnestly investigated crimes discovered during the course of improving financial order and strengthening control of the securities and real estate markets. The amounts of money involved in the crimes committed by financial personnel—who extended loans against regulations, who took advantage of their offices to solicit bribes and other personal interests, and who embezzled public funds—were generally quite large. Of the number of cases investigated within financial departments last year, 72 cases involved sums exceeding 1 million yuan. Zhao Kai, manager of the business division of the Beijing Trust and Investment Company under the China Agricultural Bank, extended 100 million yuan to two companies in violation of regulations and accepted 1.3 million yuan in bribes and a "Benz 500" sedan, which he later sold. Procuratorial authorities also investigated many major cases in other economic departments. Based on the clue provided by a letter, Chongqing's procuratorial authorities cracked 28 major cases about illegitimate loans extended between city and county (and district) financial departments. A total of 36 people, including six division cadres, were involved. Beijing's procuratorial authorities prosecuted Guo Ziwen, president of the China Coal Marketing and Delivering Company, for accepting

bribes totalling 1.9 million yuan by selling to nine enterprises his company's quotas of foreign exchange equivalent to 19.34 million yuan. Procuratorial authorities of China's railroad transport departments investigated 563 cases, involving 640 people who sought personal gains by means of railroad cars and train tickets. The Guangzhou Railway Transport Procuratorate cracked a case concerning workers of the Yangcheng Railway Transport Company who accepted bribes through their offices for authorizing use of railroad cars. Over 20 people were implicated for accepting bribes and 16 people were implicated for paying bribes. The procuratorate has set files for investigating 15 workers and held in custody cash, bank books, and stocks worth more than 2.7 million yuan, as well as nearly 1,000 grams of assorted gold jewelry. In the securities, stock, and real estate markets established in recent years, some state functionaries, for the sake of seeking personal gains, have embezzled public funds for speculating in stocks and real estate. Workers of departments in charge of securities management and real estate development have taken advantage of their offices to solicit bribes, carry out behind-the-scenes deals, and practice fraud on the securities market. Last year, procuratorial authorities in Shanghai, Guangdong, Guangxi, Sichuan, Zhejiang, and Hunan prosecuted many cases in these departments. Shanghai's procuratorial authorities prosecuted 45 cases in which 57.2 million yuan of public funds were misused for speculation in the stock market. Guangdong's procuratorial authorities cracked the case of Zeng Lihua, vice president of the Shenzhen Engineering Consultative Company, who, through his position of designating partners of real estate development, accepted over 7 million yuan in bribes from foreign and Hong Kong businessmen. Procuratorial authorities' prosecution of crimes committed within financial and economic departments plays a positive role in guaranteeing the implementation of the state's decision to strengthen macroeconomic regulation and control and improve financial order.

5) Various people's procuratorates investigated and handled cases of smuggling activities by some organizations and business undertakings and crimes of stealing state tax reimbursements for exports and of imitating trademarks. In recent years, some enterprises and business undertakings and organizations have engaged in group smuggling, stealing state tax reimbursements for exports, and imitating trademarks. Those crimes happened again and again despite orders banning such activities. A main reason was due to the support and connivance of such activities by some local leaders. Some law enforcement departments set fines instead of sentencing offenders to imprisonment in handling those cases and indulged criminals. This was a conspicuous situation of corruption in some locales. To solve the problem of ineffectiveness in cracking down on smuggling activities by some organizations and units, the Supreme People's Procuratorate and the Supreme People's Court jointly issued a "Circular on Strictly Cracking Down on the Crime of Smuggling Activities" last August, asking procuratorates

at various levels to follow Article 13 of the Criminal Procedure Law of China which states that "cases that the people's procuratorates consider necessary to directly accept themselves are to be filed and investigated by the people's procuratorates, which are to decide whether or not to initiate a public prosecution" and directly place major smuggling cases, which were only punished by fines and were not investigated for their criminal responsibility, on file for investigation and prosecution. Various procuratorates paid particular attention to major cases of smuggling by organizations and seriously handled cases of some leading cadres' protecting and conniving with smuggling activities. In 1993, the Supreme People's Procuratorate directed and coordinated with concerned procuratorates in handling 11 major cases of smuggling by some organizations. Under the guidance of and with the arrangements of concerned central departments, procuratorates fully cooperated with other departments and investigated and prosecuted an especially serious cigarette smuggling case involving the Rushan City Commerce Bureau in Shandong Province. Director of the bureau Liu Qishan collaborated with Fan Zhanwu, political commissar of the Weihai City Border Defense Subbureau; Liu Ning, deputy head of the operations department of the Weihai City Defense Subbureau; and Sun Xueping, deputy director of the Rushan City Public Security Bureau, to engage in smuggling activities. Wang Jianshi, secretary of the party committee of Rushan City, who bent the law for the benefit of others, protected the smugglers and accepted bribes totaling more than 220,000 yuan. After their crimes were exposed, those criminals joined hands to resist investigation. The concerned procuratorate initiated a public prosecution of those law offenders with the local people's court. According to a statistical report, procuratorates in the country prosecuted 322 smugglers, including 214 people who were involved in major smuggling of automobiles and cigarettes last year.

Stealing state tax reimbursements for export commodities by cheating is a new form of crime in recent years. Some law offenders have collaborated with cadres of taxation, customs, and foreign trade departments to steal state money by forging vouchers, tax collection certificates, and customs declarations. In light of the situation, various procuratorates have strictly implemented the "supplementary provisions on punishing crimes of evading taxes and resisting payment of taxes" adopted by the NPC Standing Committee, and investigated and prosecuted a number of major cases of stealing state tax money by law offenders, including some organizations and units. Various people's procuratorates investigated and prosecuted 81 such cases involving 259 people. They placed the cases of taking part in tax fraud, accepting bribes and malfeasance involving 48 state functionaries on file for investigation and prosecution, and recovered more than 70 million yuan of state tax money.

In recent years, the crimes of imitating trademarks and producing and selling fake and shoddy products have been quite serious with large volumes and dimensions



and different forms. Some serious crimes of imitating trademarks were committed by enterprises and business undertakings. People's procuratorates at various levels strictly implemented the provisions adopted by the NPC Standing Committee on punishing the crimes of imitating trademarks and of producing and selling fake and shoddy products and took resolute measures to crack down on those crimes. In 1993, people's procuratorates placed 3,436 cases of imitating trademarks on file for investigation and prosecution, increasing by 10 percent as compared with the previous year. Of which, 720 cases involved organizations. Through handling those cases, some 100 million yuan was recovered. The procuratorates in Henan Province investigated and prosecuted the case of manufacturing and selling fake medicine by the No. 1 veterinary medicine plant in Zhoukou Prefecture, and investigated six party and government leading cadres and administrative staff members, who accepted bribes and supported and connived the illegal activity, for their criminal responsibility. Among those cadres, Shenqiu County's Party Committee Secretary Liu Weidong and deputy county head Cui Donghua were sentenced to eight and nine years of fixed-term imprisonment respectively by the local people's court.

6) A number of important embezzlers and bribe-takers who escaped with the money have been captured. In recent years, many embezzlers and bribe-takers escaped with the money and some of them held several foreign passports, deposited the money abroad, and fled the country either after committing the crimes or after their crimes were detected. In view of the situation, the procuratorial organs have stepped up efforts to pursue the fugitives. According to incomplete statistics, more than 600 such escapees were captured in 1993, and 19 of them committed crimes each involving more than 1 million yuan. Those who were captured abroad and repatriated home included Wen Shixing, manager of Haicheng Trading Company of Shenzhen who swindled the state of a large sum of export tax refund and fled the country for as long as three years; Peng Jiandong, president of Yuanye Industry Company, Ltd. of Shenzhen who embezzled a large amount of public funds and fled the country; and Wang Jianye, chief of the finance and trade section of the Shenzhen city planning bureau who joined others in taking 6.77 million yuan in bribes.

7) Achievements were made in preventing such crimes as embezzlement and bribery. Local procuratorates pay attention to using actual cases in interpreting laws and using typical cases in spreading legal knowledge and promoting ethical integrity among state functionaries. They publicize state laws and party policies through the news media to enhance the people's awareness of the legal system. They have improved information work and their ability in detecting embezzlement, bribery, and other crimes. During the course of handling cases, they put forward suggestions concerning loopholes in the management and system of relevant organizations. They supervise the establishment and improvement of the embezzlement and bribery prevention mechanisms in

law enforcement departments and at workposts which have personnel, financial, and material resources under their direct control.

The cases investigated and handled by procuratorial organs show the following characteristics of such serious crimes as embezzlement and bribery at present: First, the crimes involve large amounts of money and the number of extraordinarily serious cases has increased. Second, more cases happen in hot spots of economic construction and in the departments which perform important functions in the market economy; and some new forms of crime have occurred in the stock, securities, and real estate markets. Third, more crimes involve persons with certain powers, most embezzlers are persons who manage money or materials, and most bribe-takers are those who control personnel, financial, or material resources. Fourth, a considerably large percentage of the criminals are of the pleasure-seeking type, and many of them spend freely, indulge in dissipation, and engage in gambling and visiting prostitutes after committing crimes. Fifth, more cases happen in the departments with serious irregularities, particularly the departments of which the principal leaders are embezzlers or bribe-takers. Chances are the investigation of a single person usually leads to discovering a number of criminals. Sixth, the number of cases each involving more than one person has increased, and many cases are characterized by collusion between insiders and outsiders, between different departments or trades, or between different regions.

Generally speaking, the great majority of party workers and state functionaries are honest and self-disciplined and are diligently working for the people. However, a small number of bad degenerates indeed exist, and we must know sufficiently their harmfulness and dangerousness. Just as Comrade Jiang Zemin pointed out at the second plenary session of the Central Commission for Discipline Inspection, if we lower our guard and let them go rampant, our party, the people's regime, and the socialist modernization drive will collapse.

The present situation of the anticorruption struggle is very good and the struggle is deepening, but the following major problems still exist: The anticorruption work is uneven from place to place. The phenomena of substituting one's word for law, putting one's power above the law, or obstructing judicial investigation of major cases occurs now and then. Some organizations fail to inform judicial organs of criminal clues. Procuratorial organs have a heavy backlog of reported crimes to investigate. Some local chief procurators lack the courage to enforce the law impartially and to handle tough cases. A small number of police cadres and men are unable to meet the needs of the struggle due to poor ability, and the police force needs to improve its overall ability of detecting and proving crimes. These problems must be solved one by one in the days to come. To combat corruption and punish those who commit embezzlement or bribery is a protracted and arduous task, as well as an important guarantee for reform,



opening up, and economic development. For this reason, procuratorial organs should seriously perform their duties and persistently deepen the struggle to combat such crimes as embezzlement and bribery.

## **2. Safeguarding the Country's Political and Social Stability Through Cracking Down on Serious Crimes According to Law**

Last year, procuratorial authorities, under the guidance of the party Central Committee and party committees at all levels and implementing the policy of carrying out comprehensive management of public security, joined public security departments, security departments, people's courts, and judicial authorities in safeguarding the country's political and social stability through firmly and promptly cracking down on serious crimes and properly handling certain unforeseen incidents with relatively great impact.

Cracking down on serious crimes is an important aspect in safeguarding social stability. Last year, public security and procuratorial authorities, people's courts, and judicial authorities worked in close coordination with one another and launched all kinds of collective and key projects against rampant crimes. Fairly good results were achieved in launching special campaigns against railroad and highway robberies, theft, and abduction of women and children, as well as prostitution in all parts of the country; in launching struggles against narcotics and gun trafficking in Yunnan and Guangxi; in launching struggles against smuggling and illegal emigration in coastal areas in Southeast China and in border provinces and regions; in launching struggles against local hooliganism and evil forces in Shanxi; in launching struggles against kidnapping and abduction of women and children in Hebei; and in launching struggles against illicit sex business in Beijing, Shanghai, and Guangdong; as well as in launching struggles of striking against organized crimes, pursuing fugitives, and cracking major cases in various parts of the country.

During the course of cracking down on criminal activities, procuratorial authorities at all levels have discharged their responsibilities and taken prompt actions to authorize public security organs' requests to arrest felons, and prosecute felons arrested and transferred by public security authorities. We have intensified procuratorial operations to ensure national security through authorizing arrest of criminals endangering national security and prosecuting them. By so doing we have contributed our part in carrying out comprehensive management of public security. In 1993, procuratorial authorities in the country authorized the arrest of 532,394 of the 607,945 felons of various descriptions whom public security and state security organs requested permission to arrest; and prosecuted 479,860—including 129,219 felons having committed serious crimes—of the 574,176 felons transferred from public security organs.

During the crackdown, procuratorial authorities have given priority to cracking down on murders, robberies,

rapes, bombings, armed robberies, and other heinous crimes and criminal gangs with an underworld nature. In 1993, procuratorial authorities prosecuted 137,523 of the 152,764 felons of these categories, prosecuted 48,536 of the 63,670 felons involved in serious larceny, prosecuted 6,830 of the 7,677 drug addicts, and prosecuted 1,512 of the 1,634 felons—felons who organized, coerced, lured, and facilitated women to become prostitutes—and prosecuted 10,548 of the 11,706 felons who abducted and kidnapped women and children—felons whose arrest was authorized by procuratorial authorities.

Last year, procuratorial authorities made railroad transportation safer through cracking down on train and highway robberies. In the struggles of besieging and annihilating train and highway robberies, procuratorial authorities of all railroad transportation units authorized the arrest of 9,383 of the 10,596 felons whom public security organs requested permission to arrest. To deal with the serious robberies occurring on the Nos. 3 and 4 international expresses, the Beijing railroad transport procuratorial branch moved quickly and involved itself in public security organs' investigation and authorized the arrest of 103 felons.

Many plane hijacking incidents occurred last year. The criminal acts which seriously jeopardized public safety were subjected to harsh and prompt crackdown according to law. Procuratorial authorities promptly authorized the apprehension of the hijackers; and promptly prosecuted those who did not succeed in fleeing the country on the planes they hijacked.

Protecting political stability and public security in the country is an important guarantee for deepening reform, opening up wider, and promoting economic development. At present, public security in our country is generally stable, but the situation is still quite grim. Hostile forces and elements at home and abroad have never stopped their activities to split, subvert, infiltrate, and sabotage our country and to steal secrets from our country. The situation of sabotage by national splittists at home and illegal activities in the name of religion is quite conspicuous. The number of major vile criminal cases and violent crimes have increased by a big margin. Public security in many rural areas is not good and the situation of crimes committed by groups in towns is also quite serious. The masses lack a sense of security. Stealing and damaging important state production facilities, robbing state properties in an uproar, and fights with weapons between groups of people happen frequently. In the wake of continuous deepening of reform and adjustment of interests, there will be new contradictions and problems. In our work, the problem of ineffectiveness in striking blows against criminal activities still exists in some places. Therefore, the people's procuratorates have a very heavy task of striking relentless blows against criminals in a prompt manner to protect political stability and public security.

### 3. Strengthen Supervision Over Enforcement of Law, New Progress Has Been Made in Promoting Strict Implementation of Law

Since last year, the Supreme People's Procuratorate has stressed the issue of taking vigorous measures to strictly enforce the law. The people's procuratorates at various levels have adopted specific measures to vigorously enforce the law, and strengthened the work of directly placing criminal cases on file for investigation and prosecution. On the other hand, it has seriously carried out its duty entrusted by the Constitution and laws and strengthened supervision over the enforcement of law by concerned departments.

1) Strengthen supervision over investigation and stress solving the problem of not punishing crimes or levying fines to replace other punishment. People's procuratorates at various levels have strictly carried out their duty of supervision over investigation activities by public security organizations. The people's procuratorates in some locales have supervised the trials of major criminal cases. They have corrected the situation of not punishing crimes or levying fines to replace other punishment by some departments. On some occasions when which criminal cases were not filed for investigation and prosecution or not transferred to judicial organs after being suggested for prosecution by people's procuratorates, the people's procuratorates directly accepted those cases and filed those cases for investigation and prosecution. The people's procuratorates in Hunan Province directly filed 12 major cases involving 29 people for prosecution when concerned departments failed to investigate and handle those cases or levied fines to replace other punishment. This has received good reaction in society. In supervising investigations, various people's procuratorates have corrected the situation of not investigating and prosecuting criminal activities and the situation of investigating and prosecuting innocent people. In 1993, various people's procuratorates pursued and arrested 6,534 people in examining many cases, and prosecuted 2,720 people. The people's procuratorates rejected the arrest of 40,439 people whose activities could not be considered crimes and who should not be arrested, and put forward 8,596 suggestions for correcting the investigation activities which were in violation of the law.

2) Strengthen supervision over the trial of criminal cases and attach importance to serving protests against erroneous judgment on criminal cases, such as the court's not guilty decision for those who actually committed crimes or the court's passing a light sentence for serious crimes. People's procuratorates at various levels lodged 1,879 protests against erroneous judgment on criminal cases by courts and 1,765 suggestions to correct the situation of violation of the law in the course of prosecution. The Beijing Municipal People's Procuratorate lodged a protest with the Beijing People's Higher Court against the judgment in the case of taking bribes by Wei Guofan, former assistant director of the Transportation Bureau of the Ministry of Railways. When he was an assistant director, Wei Guofan accepted a bribe of 3,000 yuan and

a refrigerator which was worth more than 2,300 yuan. In March 1991, Wei Guifan was sentenced to one year fixed-term imprisonment with temporary stay of the jail sentence for one year by the court in the first instance. Wei Guofan made an appeal and was cleared of his crime in November 1992 by the Beijing Municipal Intermediate Court. The people's procuratorate considered the turnabout as inappropriate and violating the law, because there was proof of the defendant's taking a bribe and lodged a protest with the higher court. After trial, the Beijing Higher People's Court revoked the not guilty judgment and maintained the judgment of guilty in the first instance.

3) Progress was made in supervising the enforcement of law and discipline and giving high priority to investigating and handling criminal cases involving state functionaries who abused power by violating citizens' rights and interests and those who were charged with dereliction of duty. In 1993, the cases of 207 judicial personnel charged with favoritism and fraud and 378 state functionaries charged with inquisition by torture to extort confessions were placed on file for investigation and prosecution. A total of 4,363 cases of illegal detention were investigated and handled. Of them, more than 90 percent were illegal detention of people involved in economic or civil lawsuits between citizens or between legal persons; and a small number of them were due to abuse of power by judicial personnel or grass-roots-level cadres. Tianjin City's procuratorial organs investigated and handled the Daqiu Zhuang case of a death caused by illegal detention. The prime culprit, Yu Zuomin, has been sentenced to 20 years imprisonment on charge of illegal detention and bribery. During the 1993 election of people's congress deputies at various levels, the procuratorial organs placed 110 cases of disrupting elections on file for investigation. They also investigated and handled 1,949 cases of illegal search, illegal entry into another's house, and illegal control of others; 133 cases of obstructing postal and telecommunications services and violating citizen's freedom of correspondence; and 29 framed cases of reprisal. To investigate and handle according to law the criminal cases of violating citizen's rights and interests is an important aspect of the protection of human rights. China has achieved remarkable success in protecting human rights and in waging a struggle against the violation of citizen's rights and interests, and the situation of human rights in China is good.

In 1993, the procuratorial organs placed on file for investigation 3,098 cases of dereliction of duty and 4,605 cases of major accident responsibility.

4) Progress was made in legal supervision over civil trials and administrative lawsuits, with special attention paid to protests against wrong decisions and orders in civil, economic and administrative lawsuits, and to cases of wrong judgment during civil and administrative lawsuits due to the judges' self-seeking misconduct or their asking for or accepting bribes. In 1993, the procuratorial organs lodged protests against wrong trial decisions in 310 civil,



economic, and administrative cases. By examining evidently partial court decisions and orders, the procuratorial organs placed the cases of 44 judges on file for investigation after discovering their self-seeking misconduct.

5) The procuratorial organs stepped up supervision and inspection of prisons and paid special attention to investigating and handling cases of illegal reduction of sentence, parole, and medical parole involving bribery, as well as the cases of self-seeking misconduct involving unauthorized release of inmates. A total 599 such cases were investigated and handled. They involved prison staff members who embezzled public funds, sought or accepted bribes, practiced favoritism and fraud, set inmates free without proper authorization, or tortured inmates. Zhu Wenjia, deputy political officer of the first brigade of Changchun Prison in Jilin Province accepted 30,000 yuan in bribes from 29 inmates and their relatives, and abused his power in obtaining sentence reduction, parole, or medical parole for those inmates. Zhu has been sentenced to 12 years of imprisonment for the crime according to law. The procuratorial organs also made timely inspection and correction of such law violations in prisons as detention without proper legal papers, keeping inmates from reform through labor in violation of court orders, and delay the release of inmates in violation of court orders. The procuratorial organs made suggestions on correcting 39,342 law violations in prisons, and 17,823 of them have been corrected by the departments concerned. The procuratorial organs made fairly great achievements in correcting the problem of overdue detention and suggested the correction of 73,416 such cases, and 34,432 of them have been corrected by the departments concerned.

6) Procuratorial work in handling appeals and complaints has been strengthened. Procuratorial organs devoted greater efforts to reinvestigation of cases in accordance with appeals filed against courts' decisions as well as complaints against procuratorial organs' decisions on exemption from prosecution. In line with the principle of seeking truth from facts and that every wrong should be righted, procuratorial organs, whenever mistakes were found, filed protests or otherwise redressed the mistakes in accordance with the law. A total of 485,851 appeals and complaints were handled in 1993 by procuratorial organs at all levels. Of the 63 appeals against arrest that were re-examined, the earlier decisions in 12 of them were rescinded. Of the 1,995 complaints against exemption from prosecution that were re-examined, the earlier decisions in 776 of them were reversed. Of the 217 appeals against the courts' sentences of criminal punishment that were reinvestigated, 21 were presented to the court for retrial and the original sentences revised in accordance with the procedure for adjudication supervision. Li Zhongyu, former deputy commander of the Mengzui Public Security Force, was sentenced to death with a stay of execution in 1953 on charges of murder out of revenge. The sentence was later commuted to 10-years imprisonment. Li

refused to accept the sentence and appealed many times. The Supreme People's Procuratorate, after clarifying the principal facts of the case with a thorough reinvestigation, presented the case to the Supreme People's Court. The Supreme People's Court directed the relevant court to readjudicate the case and a decision of not guilty was announced, redressing a miscarriage of justice that lasted 40 years.

By reinforcing supervision over law enforcement, procuratorial organs played a positive role in motivating relevant departments to strictly enforce the law, in guaranteeing unified and correct enforcement of state laws, and in protecting the citizens' democratic rights and rights of the person. Nonobservance and lax implementation of laws remains a prominent problem in China's judicial and administrative law enforcement work. Further efforts should be made to improve the environment and conditions for strict law enforcement. The new situation—that is, the establishment of a socialist market economic system—cries out for reinforced supervision over law enforcement and respect for the authority of state laws. For this reason, we must further enhance supervision over law enforcement.

#### 4. Strengthen Procuratorial Organs in Accordance With the Law, Enforce Strict Discipline Among Procuratorial Personnel, and Reinforce the Procuratorial Ranks

In the past year, procuratorial organs at all levels have built themselves up in accordance with law and enforced strict discipline among their personnel. Both the political and professional qualifications of procuratorial personnel have risen to new levels.

Efforts were made to improve the style of work and to go deeply into reality to see how things really are. Leaders of procuratorial organs at all levels took the lead in going deeply into the realities of life, in going down to the grass-roots level, and in conducting research and investigations in key areas, knotty problems, and weak links of procuratorial work and the new situation and new problems procuratorial departments have encountered in the process of establishing a market economic system. The fruitful efforts in this regard have improved our understanding of reality and enabled us to formulate more appropriate measures for our work.

Leading bodies of procuratorial organs at all levels have been strengthened. As a new term started in 1993, most of the nation's procuratorial organs readjusted or reinforced their leading bodies. Many fine and experienced young and middle-aged cadres with both professional ability and political integrity were promoted to leading posts, making the ranks of cadres more revolutionary, younger, better educated and more professionally competent.

Ideological and political work was strengthened. By studying Volume 3 of the *Selected Works of Deng Xiaoping* and arming themselves ideological with the theory on building socialism with Chinese Characteristics, cadres and police have enhanced their steadfastness



and consciousness of implementing the party's basic line. All procuratorial organs conducted education on strict law-enforcement, on serving the people wholeheartedly as their objective, and on the need to be honest and hardworking.

Earnest efforts were made to fight corruption among procuratorial organs themselves. Leading cadres in procuratorial organs at all levels conducted self-investigation based on the regulations on clean standards and self-discipline issued by the party central committee and made amends accordingly. Resolute steps were taken to put a stop to abuse of procuratorial powers to collect fees by a handful of grass-roots units. Procuratorial cadres and policemen guilty of violating the law or discipline were investigated and prosecuted to the full force of the law. In 1993, 568 procuratorial personnel were investigated for violations of the law and discipline, of which 87 were prosecuted on criminal charges. A total of 987 procuratorial personnel were found unsuitable and reassigned. Procuratorial organs at all levels reinforced rules and regulations and amplified internal supervision mechanisms to keep their personnel honest and hardworking, thereby ensuring, by way of instituting a system, that procuratorial personnel will be clean, honest, and enforce the law impartially.

In recent years, we have consistently attended to the education and training of procuratorial personnel as a strategic task. The focus of training in 1993 was on job qualifications, upgrading of vocational skills, and knowledge renewal. The Central College for Procuratorial Management trained 78 newly appointed chief and deputy procurators of the provincial, autonomous regional, and municipal, prefectural, and city procuratorates. A total of 202 chief and deputy procurators of the prefectural and city procuratorates underwent knowledge renewal training. Local procuratorial training institutes trained 9,000 chief procurators and other key functionaries of the grass-roots procuratorates.

The "Regulations on Procuratorial Organs Receiving Supervision From the People's Congress and Its Standing Committee," which were drawn up by the Supreme People's Procuratorate last June, have further standardized procedures for procuratorial organs to receive supervision from the people's congress and its standing committee. Procuratorates at all levels regularly reported their work to the people's congress and its standing committee at the corresponding level. They earnestly implemented resolutions passed by the people's congress and its standing committee and accepted the standing committee's supervision over their procuratorial activities. They earnestly and responsibly handled matters assigned to them by the people's congress and motions and proposals by people's deputies. They strengthened ties with people's deputies; invited them to inspect their work; listened to their criticism, viewpoints, and suggestions with an open mind; and sought constantly to improve their work.

During the past year, vast numbers of procuratorial personnel displayed a fine mental outlook despite their arduous tasks and difficult conditions for waging struggle. A large number of advanced collectives and individuals have tempered themselves and emerged in the struggle against corruption. The Supreme People's Procuratorate and local people's procuratorates at different levels commended 4,318 advanced collectives and 15,550 advanced individuals.

While there were achievements in procuratorial work last year, there were also problems and shortcomings. The main problems and shortcomings were: The law enforcement standards and concept of our procuratorial personnel were not able to completely satisfy the needs of the new situation for developing a socialist market economy; some localities did not strictly enforce the law by failing to bring for prosecution to the people's court cases that ought to be prosecuted; a few grass-roots procuratorates engaged in local protectionism by illegally interfering in economic disputes and handling cases outside their jurisdiction or in violation of the law; and some procuratorial personnel even used their power to extort or accept bribes or resorted to fraud to benefit their relatives or friends. In addition, procuratorates in many localities lacked the budget to handle cases, and their means of transportation and technical equipment were obsolete, affecting the smooth progress of their investigation into major and important cases.

#### Deputies:

The year 1994 is crucial to China's reform. Seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability represent the overall interests of this year's work for the entire party and nation. Procuratorial organs must center on these overall interests in conducting their work and must consciously subordinate themselves to and serve these overall interests. At the national conference of chief procurators held toward the end of last year, we put forward, after analyzing the situation of our procuratorial work, "Views on Further Strengthening Legal Supervisory Functions and Safeguarding the Establishment and Development of a Socialist Market Economic Structure" which establishes the primary task of the procuratorate at present and for some time to come as: To uphold the use of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guide; implement the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee; adhere to the principle of "grasping two links at the same time, attaching equal importance to both," strengthening legal supervisory functions; strictly enforce laws; vigorously handle cases; concentrate efforts on investigating and punishing embezzlement, bribery, and other major criminal cases; and crack down on all kinds of criminal activities to safeguard national interests against infringement, to protect the legitimate rights and interests of citizens and legal persons, to safeguard political and social stability, to create a good legal environment for

reform, opening up, and modernization, and promote the establishment and development of a socialist market economic structure.

In 1994, procuratorial organs across the country must focus attention on successfully handling the following tasks:

First, in the course of the anticorruption drive, they must concentrate efforts on investigating big, important cases; they must persist in treating the investigation of criminal cases involving leading bodies and leading cadres of the party and government, judicial departments, administrative law enforcement departments, economic management departments, and their working personnel as the major work; and they must pay special attention to investigating cases of leading cadres' crimes of corruption and taking bribes, cases of judicial and administrative law enforcement personnel practicing favoritism, committing irregularities, taking bribes, bending the law, and covering up crimes, and legal persons' criminal cases. No matter who is implicated in a criminal case, they must resolutely conduct a thorough investigation and must not be softhearted. The Supreme People's Procuratorate and provincial, autonomous regional, and municipal procuratorates must further improve the organization, command, supervision, and examination of the investigation of big, important cases, and promptly sort out and investigate the clues which are given by the masses and lead to big, important cases to bring about a change in the situation of accumulated clues piling up unattended. Procuratorates at the higher level must supervise and assist those at the lower level; they must eliminate interference and resistance and expedite the progress of the drive to develop in depth step by step.

Second, procuratorial organs across the country must uphold the principle of dealing swift and heavy blows to criminals according to the law and crack down on grave criminal activities. According to law, they must take prompt action in arresting and prosecuting criminals, gangsters, and particularly crime syndicates that committed murder, robbery, rape, bombing, and theft and robbery of guns; they must coordinate with relevant departments to hand down severe punishment to these criminals. They must actively participate in surrounding and annihilating train robbers and highway bandits and in such special drives as fighting robbers and thieves, cracking down on "pornography," and eliminating the six evils [prostitution, pornography, abduction and trading of women and children, drug trafficking, gambling, and profiteering from superstition]. They must improve national security-related procuratorial work and crack down on various criminals imperiling social and political stability.

Third, procuratorial organs across the country must strengthen supervision over law enforcement; when they handle cases, they must pay attention to discovering various irregularities in the handling of cases and lax law enforcement; and they must promptly make suggestions for rectification. If the working personnel of judicial

departments and administrative law enforcement departments abuse power to seek personal gain, are guilty of corruption, take bribes, practice favoritism, commit irregularities, illicitly release criminals, extort a confession by torture, unlawfully detain suspects, maltreat and give corporal punishment to detainees, neglect their duties and connive in crimes, harbor evildoers, conceal what they know about a criminal case, and commit perjury, and if any of the above acts constitutes a crime, procuratorial organs must resolutely investigate such cases according to law to fix the responsibility for the crime and ask relevant departments to strictly enforce the law.

Fourth, more efforts must be made to build up contingents of procuratorial personnel, to improve their quality, and to enhance their level of law enforcement. Procuratorial organs must persist in improving themselves according to law; they must abide by the provisions of the Constitution; they must adhere to the principle of formulating a law first before proceeding to vigorously promote reform of the procuratorial system; they must strengthen their function of legal supervision; they must guarantee the independent exercise of procuratorial power according to law; and they must establish a socialist procuratorial system with Chinese characteristics that meets the needs of a socialist market economy. Based on the NPC Standing Committee's plan for legislation, they must fulfill the tasks of drafting the "Organic Law (Draft Revision) on People's Procuratorates," "Law on Public Procurators," "Law on Punishment for Corruption and Bribery," and "Supplemental Regulations on the Guilt of Dereliction of Duty;" and they must actively participate in amending the "Criminal Law" and "Criminal Procedural Law."

Fellow deputies, in the new year, the Supreme People's Procuratorate will lead the local people's procuratorates at all levels, the special people's procuratorates, and all procuratorial personnel to uphold the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, to closely rally around the CPC Central Committee with Comrade Jiang Zemin as the core, to add to our achievements, to surmount difficulties, to blaze new trails and forge ahead, and to make new contributions to establishing a socialist market economic system and to improving socialist democracy and the legal system.

### Economic & Agricultural

#### 'Commentary' Deplores 'Alarming' Losses of State Enterprise

HK0104102894 Hong Kong AFP in English 0933 GMT  
1 April 94

[Text] Beijing, April 1 (AFP)—China's state-run firms, stuck in a quagmire of bureaucratic mismanagement and half-hearted reforms, are still hemorrhaging funds at an alarming rate, the People's Daily said Friday.



In a lengthy, signed commentary, the official communist party organ said reforms granting more autonomy to state enterprises had not been fully implemented, resulting in "contradictions" between management and government over industrial policy. "The functions of the government and enterprises are mixed up" the commentary said, causing damaging delays in such areas as the purchase of sorely needed modern equipment.

Many state firms are still operating the "iron rice bowl" system guaranteeing jobs for life, which burdens management with welfare obligations that are incompatible with China's emerging market economy, it added. At the same time, increased production costs resulting from a shortage of energy and raw materials are exacerbating the losses suffered by state sector firms producing essential goods that are still subject to government price controls.

Reform of the state sector is an extremely sensitive issue in China, given the inevitability of bankruptcies and mass layoffs that goes with it. New fiscal reforms introduced at the beginning of the year have also taken their toll, the newspaper said, as many firms have lost essential financial and tax breaks.

Sorely unable to compete in an increasingly market-driven economy, more than one third of China's 13,000 medium to large state firms are in the red and a similar proportion in difficulty. Losses in 1993 totalled around 30 billion yuan (3.4 billion dollars), up more than 20 percent from the previous year.

However, according to the People's Daily commentary, the only way out of the crisis is to deepen the reform programme and create a national economic environment that will benefit the state sector in the long term. Meanwhile, steps should be taken to clarify and strengthen the administration of state firms, improve product quality and upgrade technical equipment.

#### Ministry Announces Top 500 Enterprises in Foreign Trade

OW3103122294 Beijing XINHUA in English  
1140 GMT 31 Mar 94

[Text] Beijing, March 31 (XINHUA)—China announced its top 500 enterprises in foreign trade in 1993 here today, with China National Chemicals Import and Export Corporation (CNCIEC), registering a trade volume of 6.63 billion U.S. dollars, topping the list.

At a press conference given by the Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC), China National Metals and Minerals Import and Export Corporation and China National Cereals, Oils and Foodstuffs Import and Export Corporation (CNCOFIEC) were listed in second and third place among the top 20 enterprises.

China National Technical Import and Export Corporation, which was No. 6 in 1992, last year rose to No. 4

with an import and export volume of 2.72 billion U.S. dollars, which is only 40 million U.S. dollars less than that of CNCOFIEC.

This was the fifth MOFTEC ranking of the top 500 enterprises. A spokesman for the ministry said that with the approval of the State Council, the MOFTEC will henceforth announce a list of top enterprises, according to their import and export volumes, so as to strengthen their international image and reinforce their reputation.

Last year, the total import and export volume of the 500 enterprises was 106.384 billion U.S. dollars, occupying 54.4 per cent of the country's total volume, which was 195.7 billion U.S. dollars.

According to the list, there are 14 enterprises whose import and export volume surpassed 1 billion U.S. dollars, with four more squeezing onto the list since 1992. And there are 248 enterprises whose trade volume was more than 100 million U.S. dollars.

The No. 500 enterprise had an import and export volume of 44.6 million U.S. dollars, 5.78 million U.S. dollars more than the same place in 1992.

Also announced today was a list of the top 200 enterprises with the biggest export volumes. The first three were CNCIEC, the CNCIEC Liaoning Company and CNCOFIEC.

#### Government Launches Crackdown on Tax Evasion HK0104075094 Beijing CHINA DAILY in English 1 Apr 94 p 3

["CD News" item: "State Goes After Fake Invoices, Tax Evasion"]

[Text] The State Taxation Administration has announced a fresh nationwide crackdown starting today on the increasing number of forgers, sellers and thieves of invoices, which are then used to evade or cheat on taxes.

These crimes—especially the forgery of invoices for value-added tax—are greatly disturbing the country's new tax reform that began this year, State Council Secretary-General Luo Gan said on Wednesday.

Co-organized the campaign are also the Public Security Ministry, the Supreme People's Court and the Supreme People's Procuratorate. [sentence as published]

The reform centers on a consumer tax system with the value-added tax at its core.

Invoices are critical documents for the calculation of the tax, and any forgery is detrimental to the tax reform package.

Speaking at a national telephone conference announcing the start of the drive, Luo called on the country's police, taxation and judicial workers to take severe measures to stop criminal activities concerning invoices.

Currently, businesses in many large- and medium-sized cities take advantage of the forged and stolen invoices to evade or cheat on taxes.

Luo called on the Public Security Ministry, the State Taxation Administration, the Supreme People's Court and the Supreme People's Procuratorate to form a special coordination office to guide the campaign, which will continue through June.

The move will focus on big cities and areas where the crimes are most prevalent. Other areas and regional governments should also put the fight on their agenda for their daily work, Luo said.

Targeting forgery and theft gangs, the drive aims to net underground printshops that produce large batches of bogus invoices, as well as those who sell the fraudulent documents.

People who use the fake invoices to evade taxes or cheat on their tax returns should also be sought out and dealt with harshly, Luo added.

By the end of June, the campaign must meet its goals to ensure the smooth implementation of China's new tax measures.

Local protectionism and professional corruption must be cleared away to carry out this battle.

In addition, it is imperative to educate and encourage people to check for and reject fake invoices, he added.

#### **China To Spend 20 Billion Yuan on Highways, Railroads**

*HK0104062494 Hong Kong LIEN HO PAO in Chinese 31 Mar 94 p 22*

["Special dispatch": "China To Build Southwest Mainlines of Communication; Cost of Railway Construction To Exceed 20 Billion Yuan"]

[Text] Beijing, 30 March (LIEN HO PO)—During the Eighth and Ninth Five-Year Plans (1991-2000), the Chinese mainland will inject a huge amount of funds into construction of the mainlines of communication in southwest China, including railways and highways, of which over 20 billion yuan will be invested in railway construction.

Sichuan, Yunnan, Guizhou, and Guangxi are involved in the projects which were planned to be built in the Southwest. According to the plan, by the end of this century, more than 3,000 kilometers of railways will have been built or rebuilt in the abovementioned region. The projects have now started construction. The projects, which are scheduled to have completed construction before 1995, include the northern thoroughfare of the Southwest or the multiple-track Yangpingguan-Chengdu section of the Baoji-Chengdu Railway, the eastern thoroughfare or the Daxian-Chengdu Railway, and the western thoroughfare or the Guangtong-Dali

Railway in Yunnan. Moreover, the 2.6 billion-yuan electrification reconstruction project of the Chengdu-Kunming Railway also has started construction. The Chongqing-Daxian Electric Railway, the Wanxian-Daxian Railway, and the Neijiang-Kunming Railway will begin construction one after another, and they are expected to be completed by the end of this century.

In road construction, some 5,000 km of arterial highways will be built and rebuilt. Sichuan Province will invest 1.13 billion to build and rebuild high-grade arterial highways that fan out to other parts of China—with the Chang Jiang as the backing, key ports as the linking point, and Chengdu and Chongqing as the center—and to link cities, prefectures, and counties with roads of grade-2 and above so as to form a coordinated land-and-water transport network in which expressways are linked with water transport carried out with other parts of the country. The project of the Shanghai-Chengdu arterial highway, as planned by the Ministry of Communications, will run through Chengdu, Chongqing, Wanxian in Sichuan, and expand from Chongqing, Guaiyang, Nanning to a sea port in Beibu Bay. According to the ministry's plan, in the first step, 800 km of high-grade arterial highways will be built and some 2,000 km of regional arterial highways will be built and rebuilt.

#### **World Bank, ADB Loans Assist Chemical Industry**

*OW3103142294 Beijing XINHUA in English 1335 GMT 31 Mar 94*

[Text] Beijing, March 31 (XINHUA)—China's chemical industry has used loans from the World Bank (WB) and the Asian Development Bank (ADB) to accelerate the construction and improvement of fertilizer and chemical mining projects.

Liu Mingyou, president of the China National Chemical Construction Corporation (CNCCC), said CNCCC has engaged in a dozen projects involving a total volume of 500 million U.S. dollars in loans from WB and ADB.

Of the total sum, 430 million dollars was granted by WB and 70 million by ADB, he said.

CNCCC is one of the four corporations in China responsible for the utilization of loans from the World Bank. It has been entrusted to invite bidding for procurement using WB and ADB loans obtained by the Ministry of Chemical Industry through China's financial ministry.

The WB and ADB loans were allocated for the power-saving innovation of five large fertilizer factories, product-restructuring in five medium-sized fertilizer factories, the development of a phosphorus mine in Guizhou Province, the development of phosphate in Hubei Province and agricultural development in Hebei Province.



Liu said that CNCCC announced separate bidding, instead of package bidding, for the projects to reduce the costs by nearly 10 percent.

Moreover, CNCCC also undertook projects using soft loans from Britain, Canada and Italy and introduced technology for chemical, petrochemical, fertilizer, membrane electrolysis, steel radial tyres and other projects.

In addition to importing technology and equipment, CNCCC extended its business scope to cover import and export trade and contracting foreign projects. Last year alone, the total volume of imports and exports and project contracts amounted to 1 billion U.S. dollars.

#### Regulations on International Economic Cooperation Fund

IIK3103140894 Beijing GUOJI SHANGBAO in Chinese  
2 Mar 94 p 2

["Interim Provisions of the Ministry of Foreign Economic Relations and Trade and the Ministry of Finance Concerning the Administration of the International Economic Cooperation Fund"—promulgated by the Ministry of Foreign Trade and Economic Cooperation in Beijing on 5 October 1993]

[Text]

#### Chapter 1 General Provisions

Article 1. The purpose of the establishment of the "International Economic Cooperation Fund" (called the "Fund" hereafter), sanctioned by the central government, is as follows: To support the development of China's cooperation with foreign countries in the fields of economics and technology and to provide part of the working funds (Chinese or foreign currency) for the International Economic Cooperation and Technological Company (called the "Company" hereafter) and relevant units that contract projects abroad, operate wholly-owned enterprises or joint ventures, or work in coordination with bilateral or multilateral technical aid projects given gratis to China.

Article 2. The main resource of the Fund is the sum repatriated to China from countries that received loans from China during the period from 1984 to 1988.

Article 3. The Fund is administered by the Ministry of Foreign Economic Relations and Trade (MOFERT). The actual work is conducted by the Bank of China (foreign currency) and the Bank of Construction (renminbi). Financial administration is guided and supervised by the Ministry of Finance and the banks concerned.

#### Chapter 2 Loan Procedures

Article 4. All companies and other relevant units, which are sanctioned by the State Council or MOFERT, are entitled to loans from the Fund for contracted projects abroad, wholly-owned enterprises or joint ventures, and bilateral or multilateral technical aid projects given to China. The conditions for receiving loans are as follows:

1. The contracted projects abroad, the wholly-owned enterprises, and the joint ventures should have sound economic returns;
2. The borrowing unit should have the capacity to repayment and should be able to guarantee repayment of loans and payment of service charges on schedule;
3. The borrowing unit should be able to provide a letter of guarantee from the financial department of the ministry or state commission in charge, or from the planning commission or financial department of a province, autonomous region, or municipality;
4. The borrowing unit may apply for the loan only after it has fully utilized its own funds and bank loans and its financial means are still insufficient. Projects encouraged by the state are given priority for loans.

Article 5. The principles for use of a loan are: The borrowing and repaying units must be the same entity and must pay back both the loan and all charges. The interim annual interest rate for renminbi is 3.0 percent, and for foreign currency 4.0 percent, both of which include a 0.2 percent bank service charge. If the loan is in foreign currency, the service fee is calculated according to provisions of the Bank of China, and collected once every six months. If the loan is in renminbi, the service fee is calculated according to regulations of the Bank of Construction.

Article 6. In case a borrowing unit is unable to repay a loan in time, it generally must apply for postponement of the payment to MOFERT and the bank concerned. If the reason is justified, the postponement will be approved. If the reason is not regarded as justified, the postponement will be denied and the service charge will be raised by 50 to 100 percent of the original charge rate after it becomes overdue. If necessary, the bank can act upon the agreement by directly deducting the sum from the borrowing unit's bank account. Or MOFERT can order the guaranteeing unit to pay back both the loan and charges.

Article 7. The borrowing unit must abide by the principle that the loan must be used for the approved purpose; it should not be used for any other purpose. Otherwise, the loan will be taken back within a limited period of time, and the service charge will be doubled. If necessary, the borrowing unit will be deprived of the right to future loans.

#### Chapter 3 Loan Procedures

Article 8. In applying for a loan from MOFERT, a borrowing unit must first submit a written application (see the form attached to these Provisions) and a letter of guarantee from the guaranteeing unit. Duplicate copies of the application and the letter should be sent to the bank concerned. In the application, the reason for the loan, its purpose, amount, time limit, and repayment schedule should be stated. Then it should be signed and sealed before submission. The guaranteeing unit should state in its letter of guarantee that it shall be responsible for repayment in case the borrowing unit fails to clear the debt.

If the loan is used for a joint project abroad, a certificate of approval issued by the State Council or MOFERT should be submitted. In case of a labor service or contracted project abroad, a duplicate copy of the contract signed with a foreign company should be produced.

Article 9. Upon receiving the written application and guaranteeing unit's letter, MOFERT must immediately examine them (if necessary, the Ministry can examine them together with the Ministry of Finance and a bank, or entrust the bank to do the examination) and determine the amount of the loan. Once the application is examined and the amount fixed, the Ministry should notify the applicant to go to the bank to go through the necessary paperwork.

Article 10. Before the loan is approved, the bank and the borrowing unit should sign a contract in duplicate—one for the bank, the other for the borrowing unit. Copies of the contract should also be sent to MOFERT, the Ministry of Finance, and departments concerned.

Article 11. MOFERT, the Ministry of Finance, and the bank have the right to supervise and examine the use of the loan, for which the borrowing unit should provide the necessary information and materials.

#### Chapter 4 Supplementary Provisions

Article 12. MOFERT should draw up an annual plan covering the revenue and expenditures of the Fund and final accounts, and submit them to the Ministry of Finance. Operational expenses for necessary activities, such as investigation, research, and printing of certificates, conducted by MOFERT should be covered by the service fees.

Article 13. These interim provisions shall go into effect on January 1, 1985. MOFERT Ministry of Finance October 24, 1984

#### Foreign Exchange System Change Said Sparking Controversy

HK0104111794 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 1 Apr 94 p 1

[Report by Foo Choy Peng]

[Text] A bold move to unify China's antiquated foreign exchange system into a single national interbank network from today has sparked a controversy which threatens to escalate into a diplomatic issue.

Banking and diplomatic sources said yesterday foreign bankers were confused and angry about proposed changes.

Some bankers have turned to their embassies in Beijing to pressure Chinese authorities to clarify the changes, which they believe will put millions of dollars of capital at risk.

The changes establish a China Foreign Exchange Trading System based in Shanghai, ostensibly to replace existing foreign currency swap centres, but Beijing said this week foreign firms must continue to use the swap centres.

Foreign companies are upset that they are kept out of the interbank system while mainland competitors are allowed to participate in the new network. Swap centres provide an inefficient venue for foreign companies to offload yuan and buy hard currencies, which are usually in short supply.

Until the end of last year, when authorities scrapped the confusing dual currency system, China had three exchange rates—the swap rate of about 8.7 yuan to the U.S. dollar, the official rate of about 5.7, and a fluctuating black market rate.

Since then, the exchange rate has been set by the country's 18 swap centres.

From today the rate will be set by the Foreign Exchange Centre, an interbank system made up of 13 domestic banks, plus foreign banks and financial institutions.

Of China's 100 foreign banks and financial institutions, those wishing to join will have to deposit up to U.S.\$850,000, with no interest return, for the dubious privilege of being allowed to sell, but not buy, foreign currencies, one banker said.

During meetings with China's central bank, the People's Bank of China (PBOC), foreign banks have received conflicting messages about membership in the exchange centre.

Banking sources said at first they were told there would be two kinds of foreign exchange banks: 13 domestic banks, which would be allowed to buy and sell specified foreign currencies, and foreign banks, which would be allowed to only sell the currencies.

Before they could join the new centre, foreign banks were told they would have to deposit \$350,000 in yuan with no interest payable and with the consequent risk of losses from exchange rate fluctuations.

Then banks were told they would also have to transfer five percent of their capital—for most foreign banks about \$500,000—into a settlement account before they could join. The PBOC did not say whether interest would be paid on this deposit.

Foreign banks will be able to do business only on behalf of exporters and will have to work through approved Chinese banks to handle importers.

"This is banking regulation on the run and it is a disaster," said one Shanghai-based Western banker.

To add to the confusion, the CHINA DAILY reported that authorities were considering retaining the existing swap centres to serve foreign-funded ventures.



Another Beijing-based Western banker said he and his colleagues were totally confused and had sought clarification from the PBOC and had asked individual embassies to help.

Yang Gonglin, from the State Administration of Exchange Control, admitted that "some problems arose" but told the CHINA DAILY the Government would deal with them "in time".

One Western diplomat suggested that confusion over the banking changes, coupled with even greater confusion over proposed tax changes, could trigger a slowdown in foreign funds.

China last year attracted the equivalent of all investments for the past 10 years to reach \$111 billion.

"There might not be a lot of business done here in the next few months until all of this is sorted out," the diplomat said.

Hong Kong and Taiwan investors already are holding back investments.

#### CCTV Lecture on Characteristics of Value-Added Tax

OW0104060194 Beijing Central Television Program  
One Network in Mandarin 0535 GMT 24 Feb 94

[Second of seven lectures cosponsored by the State Economic and Trade Commission and the State General Administration of Taxation entitled: "Answers to Questions on Enterprise Implementation of the New Tax System," moderated by Jiang Qiangui, director of the State Economic and Trade Commission's Enterprise Department; this one entitled: "Characteristics of Value-Added Tax (VAT), Part One"—recorded]

[Excerpts] [Jiang] Viewers and comrades, we are presenting today the second lecture in the series "Answers to Questions on Enterprise Implementation of the New Tax System." Today, we would like to discuss VAT issues. VAT yields the largest tax revenue of all the taxes since we carried out reform of the enterprise tax system. It accounts for about 40 percent of total tax revenues from enterprises, or more than 60 percent of total tax revenue from all industrial and commercial undertakings. Enterprises, therefore, are very interested in any reform of this tax. Chen Jie, deputy director of the State General Administration of Taxation's Circulation Tax Department, will you please tell us the differences between the old and the new VAT?

[Chen] There are many differences between the old and the new VAT. The major ones are: First, the old VAT only applied to certain industrial end-products. We only levied product tax and VAT, with each accounting for about 50 percent of total industrial tax revenue. We did not previously charge VAT on wholesaling and retailing processes. They were only subject to business tax. Under the new VAT system, however, we have imposed VAT

on all processes, including production, wholesaling, and retailing. This is the first variation.

Second, we have considerably reduced and thoroughly assessed tax rates. In the past we had more than 30 different rates for product tax and VAT. The figure was even higher if you include rates for wholesaling and retailing processes too. Under the new VAT system, we have only two rates, a basic rate of 17 percent and a low rate of 13 percent.

Third, we have changed the taxable bases or foundations on which we levy taxes. Previously, we included taxes such as product tax, VAT, and business tax in the sale price. Under the new VAT system, we have listed taxes on all the processes, including production, wholesaling, and retailing, separately from the sale price.

Fourth, we have implemented a system of tax refunds according to invoices. In other words, when selling commodities, enterprises should issue to buyers a special VAT invoice, listing the sales price exclusive of tax, and VAT. When applying for tax refunds after making the purchase, buyers can only quote the tax payments listed on the invoices. Previously, we did not use invoices when handling VAT refunds: The value of a tax refund is equal to an enterprise's purchase price of commodities or procurement cost multiplied by the deductible tax rate.

Fifth, we have made remarkable improvements in tax reduction or exemption: 1. The number of items eligible for tax reduction or exemption has been greatly reduced. 2. Tax reduction or exemption for individual enterprises has been revoked. Previously, an enterprise with difficulties could apply for tax exemption, but that is forbidden under the new tax system.

Why have we instituted these five changes? The reasons are as follows: We want to fully incorporate the principle of equitable taxpaying. Under the old tax system, for instance, product tax was levied in accordance with sales revenues and [words indistinct]; it was charged in accordance with various sales prices at every stage without any deduction. Therefore, the more specialized an enterprise's processes were, the heavier tax burden it shouldered. The more generalized an enterprise's processes were, the lighter the tax burden. This was unfair.

Another seemingly unfair aspect was that among enterprises producing identical products, some had to pay tax in accordance with regulations, while others qualified for tax reduction or exemption. Such injustice was gravely detrimental to rational competition among enterprises. [passage omitted]

With a built-in mechanism to beat tax evasion, the new VAT system will greatly increase tax revenue and be easier to manage. The new tax system requires that, when making a sale, an enterprise must issue an invoice listing the tax paid. When applying for tax refunds after making the purchase, the buyer can only quote the tax payment listed on the invoice. If the vendor evades tax,

he cannot list the tax payment on the invoice; consequently, the buyer will not be eligible for a tax refund. The buyer will, therefore, insist that the vendor issue him an invoice listing tax payment. [passage omitted]

[Jiang] If viewers, particularly those with enterprises, have questions after watching our program, please contact us promptly.

#### State-Run Telecommunications Industry To Be Commercialized

HK0104103494 Hong Kong *EASTERN EXPRESS* in English 1 Apr 94 p 24

[By Lulu Yu in Beijing]

[Text] An official of the Ministry of Posts and Telecommunications yesterday revealed plans to commercialise China's state-run telecom industry, a move intended to boost efficiency and speed up telecom development.

An autonomous telecom authority would be spun off from the ministry this year, to be given charge of all telecom developments in the country and more power would be devolved to regional authorities, Li Zhigang, the section chief of the ministry's department of policy and regulation, said.

"We want to separate policy matters from commercial operations to make the sector more efficient. There will be more competition and greater liberalisation," Li said after giving a speech at a business conference sponsored by the Institute for International Research.

He said the establishment of China United Telecommunications Corporation (CUTC), a state company responsible for its own financing, was an example of increased competition in the sector. The Ministry of Posts and Telecommunications has had a monopoly over all domestic and international services. This would change after CUTC became operational.

Li confirmed CUTC was permitted to compete in almost all areas, including the construction of the country's second network, although the company was expected to initially concentrate on mobile phones and value-added services in coastal areas.

He said CUTC was likely to have registered share capital of 600m renminbi (about HK\$533m [Hong Kong dollars]), around 40 percent of which could come from the Ministry of Electronic Industry, the Ministry of Electric Power and the Ministry of Railways.

Companies including China International Trust and Investment Corporation, China Huaneng and China Everbright are considering taking stakes. Li said CUTC would probably be established in May.

He said China's telecom law, in the making since the 1950s, was likely to be completed next year, giving a legal framework to all telecom developments. Li told the business conference at the Great Wall Sheraton Hotel

that China's public telecom switchboard capacity increased by 10.8 million lines, or 58 percent, to 29.36 million lines last year over 1992.

There were 5.86 million new telephone subscribers, a rise of 51 percent, and 185,000 more long-distance circuits, up 79.5 percent. "This means the year's overall telecom traffic had increased by 68.5 percent," Li said.

He said at the end of last year, the penetration rate of China's telephone lines was 1.46 percent, with the penetration rate of telephone sets at 2.15 percent. The number of mobile phone subscribers was 638,000 and pagers totalled 5.6 million, an increase of 2.5 times and 3.6 times respectively over 1992.

Li said it was hoped that by 2000, on average every household in China would have one telephone, and the number of mobile phone subscribers would reach 5 million.

The aim is for phone line penetration to reach 5.9 percent and phone set penetration 7.5 percent (with big and medium cities averaging 30-40 percent).

#### Public Ownership Affirmed as Mainstay

HK0104060094 Beijing *RENMIN RIBAO* in Chinese 25 Mar 94 p 5

[From the "Earnestly Study Volume 3 of the *Selected Works of Deng Xiaoping* column by Su Xing (5685 2502): "Upholding Public Ownership As the Mainstay Is the Basic Principle of Socialism"]

[Text] 1.

In Volume 3 of the *Selected Works of Deng Xiaoping*, Comrade Deng Xiaoping pointed out: "Socialism has two very important aspects. First, it takes public ownership as the mainstay. Second, it does not pursue polarization." He said: "Our reform adheres to public ownership as the mainstay while seeing to it that it does not lead to polarization. This is to adhere to socialism." At the same time, he also said: "In reform, we adhere to two fundamental principles from beginning to end: One is that we take the socialist public-owned economy as the mainstay. The other is that we pursue common prosperity. The utilization of foreign capital in a planned way and the development of some individual economies are subjected to the general demand of the developing socialist economy. The fact that we encourage a number of places and a number of people to get rich first is also intended to enable more and more people to get rich and attain the goal of common prosperity." These remarks tell us very clearly that upholding socialism is to uphold the public-owned economy as the mainstay, pursue no polarization, and attain common prosperity.

Although Deng Xiaoping did not say that public ownership was the mainstay in his important remarks about the essence of socialism, which he made during his tour of southern China, in fact, they contain this fundamental



principle. First, speaking on the essence of socialism, he said: "The essence of socialism is to liberate productive forces, develop productive forces, eliminate exploitation, eliminate polarization, and ultimately attain common prosperity." Here he really did not say that public ownership was the mainstay. But it is impossible to eliminate exploitation and eliminate polarization unless public ownership as the mainstay is taken as a precondition. Public ownership should be what was meant in the remarks. Second, speaking on the special economic zones, he said: "The special economic zones are socialist, not capitalist." Judging from the situation of Shenzhen, public ownership is the mainstay and foreign investment only accounts for one quarter. Moreover, we can profit from foreign investment in such areas as tax income and labor service!" The important proof he based his statement that the special economic zones are socialist, not capitalist, is that public ownership is the mainstay.

Public ownership as the mainstay is the economic foundation of socialism. There is no denying that public ownership also exists in other societies, but we must make a concrete analysis of public ownership as we do private ownership because there are different natures of private ownership, as well as different natures of public ownership. Karl Marx once criticized bourgeois economics for equating two totally different types of private ownership, saying: The first type is based on the producer's own labor, and the other is based on the exploitation of others' labor. The latter has grown out of the grave of the former. Public ownership can also be based on the laborer's own labor and on the exploitation of others' labor. The public ownership of capitalist countries can be public ownership as well, but it has not changed the capitalist nature and still belongs to the entire bourgeoisie class. The public ownership of socialist countries is based on the labor of the laborers themselves. Ownership by the whole people is that which belongs to the laboring people as a whole (since the state is the representative of the whole people, this type of ownership can be called state ownership), and collective ownership is that which belongs to some of the laboring masses. These two types of public ownership have eliminated the exploitation system. Therefore, by saying that public ownership is the mainstay, we not only refer to ownership by the whole people, but also collective ownership.

Taking public ownership as the mainstay is different from the unitary public ownership pursued in the past. Practice proves that, at least at the initial stage of socialism, pursuing the unitary system of public ownership will hinder the development of productive forces. Our present principle is that we take public ownership as the mainstay, while simultaneously developing a diversity of economic sectors. At the same time, we are also opposed to privatization. In the experience since China's reform, small state-owned enterprises can be sold to private owners and shareholding state-owned enterprises can have their shares sold to individuals, but the privatization of all or most state-owned assets is out of the

question. Today, there is a wave of privatization across the world. In this wave, there are two different natures of privatization. In capitalist countries, both private ownership and state ownership are capitalist private ownership forms, so privatization will not shake capitalism to its foundation, but rather, it may possibly consolidate this foundation. This is not true of socialist countries, where privatization is in fact the exploitation of all the property owned by the laboring people, and will surely shake and disintegrate the socialist economic foundation. Therefore, in upholding socialism, we must uphold public ownership as the mainstay.

## II.

Public ownership comprises ownership by the whole people and collective ownership.

Large and medium-sized state enterprises, which are owned by the whole people, are the pillar of the national economy and take a leading role in economic development.

At present, large and medium-sized state enterprises are encountering many difficulties in production and management, such as decreasing profit margins, the slow turnover of circulating funds, escalating costs, the persistently large losses.... There is no consensus about how these difficulties are caused. Some say they are caused by the economic structure. Others say they are caused by the system of ownership. I am more inclined to agree with the former argument.

No one denies that at one time, large and medium-sized state enterprises played a great role in the process of China's socialist construction and had glorious years. But since reform and opening up, faced with a new situation in which a diversity of economic sectors coexist and market competition arises, they have appeared to be rigid and to be lacking in vitality. What is the problem? In my opinion, the management mechanism that originally suited the planned economic structure no longer suits the market economic environment. For a while, many enterprises find it very difficult to produce in keeping with market needs, as they are used to producing in keeping with plans. In the process of the changeover from the old structure to a new one, state-owned enterprises lag behind in changing their management mechanisms and encounter many new difficulties. For example, given the coexistence of planned prices and market prices, some products are produced by state-owned enterprises in keeping with mandatory plans and are sold at planned prices, while energy resources and raw and processed materials are fixed at market prices. Some raw and processed materials are sold at planned prices and their product prices are, in fact, regulated by the market. In this way, enterprises are bound to suffer losses whether these materials are "bought at high prices and sold at medium prices" or whether they are "bought at medium prices and sold at low prices." This difficulty is not present in other economic sectors, however.

The main weakness in the planned economic structure is that planning has control over enterprises. This produces two consequences: First, enterprises are rigidly controlled. Second, a huge economic management machinery is formed. There are 70 to 80, or even 100 organizations in charge of projects, finance, and materials in each of our provinces. While such organizations exist in higher-level authorities, they also exist in lower-level ones as a must. The key to changing the management mechanism of state-owned enterprises is to change government functions, separate government and enterprise functions, and ensure that enterprises have their own decisionmaking power. But is it easy to ensure that enterprises have their own decisionmaking power? Since the Third Plenary Session of the 11th CPC Central Committee, China's urban reform has begun with the expansion of the decisionmaking power of state-owned enterprises. By having enterprises assume complete responsibility for profits, replacing profit taking by taxes, using contracted responsibilities systems, and experimenting with the shareholding system, the decision-making power of enterprises has expanded to varying degrees. In this way, many enterprises in the coastal areas have been revitalized and a number of revitalized large and medium-sized enterprises have also appeared in the hinterland. Approximately one third of China's enterprises have comparatively good performance. But the management mechanism of most state-owned enterprises has not really been changed. There are many reasons it has not been changed. The main reason is that the change of government functions has proceeded slowly, government and enterprise functions are not separated, and interference in enterprises is too great. In the circumstances, it is very difficult to ensure that enterprises have their own decisionmaking power. A comprehensive analysis of 16 key enterprises in 11 provinces and municipalities made by relevant quarters in the first six months of 1993 shows that, of the 14 powers provided for in the "Regulations on Changing the Management Mechanism of Industrial Enterprises Owned by the Whole People," only five are basically ensured, namely, making decisions about management, purchasing materials and supplies, selling products, distributing wages and bonuses, and amalgamations and mergers. Six others are partially ensured, and the remaining three are not ensured at all. Therefore, in order to revitalize large and medium-sized state-owned enterprises, it is first necessary to change government functions so that enterprises can operate independently. The 14th CPC National Congress report points out: "This is a big question regarding the superstructure suiting the economic foundation and promoting economic development. If no substantive progress is made in this respect, it is difficult for reform to deepen and it is difficult to establish the socialist market economic structure."

For a long time, the profits and taxes turned over by state-owned enterprises have been the main source of the state's revenue (in 1991, the taxes and profits turned over by state-owned enterprises within the budget

accounted for 65 percent of the domestic revenue in the same period). Under the planned economic structure, there was no big problem with the unitary system of public ownership and with unified state control over the revenues and expenditures of enterprises. Since reform, the problem has become salient now that enterprises have to operate independently, assume sole responsibility for profits and losses, accumulate their own profits, and expand on their own. Accumulation and expansion on their own is intended to make enterprises the mainstay of investment so they are able to carry out reproduction on an extended scale. But before tax reform, the tax rate for state-owned enterprises was higher than that for other economic sectors. For a period of time, they even had to turn over the "two types of funds [liang jin 0357 6855]" with the result that profits they could retain gradually decrease. In 1990, the actual profits retained by state-owned enterprises across the country within the budget only accounted for 8.9 percent of the profits they made. With such little funds, reproduction on an extended scale was totally out of the question. Moreover, with the low depreciation rate of fixed assets and the rising prices of procuring new ones, some enterprises found it difficult even to maintain simple reproduction.

With their equipment seriously outdated and without the money to acquire new technology, how can these enterprises be competitive?

Furthermore, the old distribution structure has created a heavy social burden on state-owned enterprises. In market competition, non-state enterprises can easily compete while state-owned enterprises enter the market with a burden and cannot develop smoothly.

Of course, the backward management of state-owned enterprises is another important reason that causes difficulties.

In short, the reasons causing difficulties for state-owned enterprises are very complex. Some inevitably occur in the process of changing the economic structure. Some have been left over from the old structure and have not been resolved quickly. Some are caused by the failure of specific measures in the course of reform. Others are related to the quality of enterprises themselves and should not be simply summed up as ownership problems. Moreover, is it not true that many other state-owned enterprises obtain very good returns and are competitive?

At present, the external environment for state-owned enterprises is improving. The "Enterprise Law" and the "Regulations" are being implemented, the income tax rate has lowered, and the "two types of funds" have been canceled. We should, in keeping with the direction affirmed at the Third Plenary Session of the 14th CPC Central Committee, continue to change the management mechanism of state-owned enterprises and gradually establish a modern enterprise system which meets the requirements of the market economy, which clearly defines property rights, whose rights and responsibilities are clear, which separates the functions of the government



from those of the enterprise, and which is scientific in management. This is the only right path.

### III.

When establishing a modern enterprise system, we must clearly define the property rights relationship. The CPC Central Committee's "Decision on Issues Concerning the Establishment of a Socialist Market Economic Structure" points out: The ownership of state-owned assets in the enterprises belongs to the state; the enterprises, as legal entities, possess all rights over the asset formulated by investments from various sources including the state, and become legal entities that enjoy rights and shoulder responsibilities under civil law. Simply speaking, the state is the owner of state-owned assets and has ownership over them, and enterprises, as legal entities, have rights over assets. This both guarantees that state-owned assets are owned by the whole people and clearly defines the rights of enterprises over assets as legal entities. The realization of state ownership in the economic field is that enterprises have to turn over profits and shareholding enterprises have to turn over dividends and bonus dividends. As for enterprise management, shareholding enterprises can select and appoint directors and solely funded enterprises can choose, hire, and appoint managers. The right to use and manage state-owned assets belongs to enterprises. Enterprises have independent controlling right over the assets of legal entities, namely, they can renew, amalgamate, sell, or transfer them on the precondition of maintaining and increasing their value.

The major form of a modern enterprise system is the shareholding system or the corporate system. By pursuing the shareholding system, state-owned enterprises will not have its public ownership nature changed. As an enterprise organizational pattern, the shareholding system can accept different types of ownership, and by holding shares, enterprises can maintain public ownership as the mainstay. According to a survey of listed companies in Shenzhen, Hainan, Shanghai, and Sichuan conducted by the State Commission for Economic Restructuring and other units in 1993, through straightening out the property rights relationships, these companies got out of the burdens of their traditional subordination to the government, achieved the separation of government and enterprise functions, and were able to operate independently. This is mainly reflected by the fact that they have straightened out the interest relationships with the government and changed from being responsible to their supervisory organs to being responsible to all shareholders. They now turn over taxes to the state and profits to their owners, thus achieving the separation of profits and taxes, and enterprises have complete right over the use of assets. The previous practice that enterprise leaders were appointed by the government has now been changed to appointment by the board of directors. Regarding an enterprise's investment and project development, the board of directors put forward investment proposals to the general meeting of shareholders for it to

make decisions, so the enterprise has both the decision-making power and the money at its disposal. Managers of the listed companies maintained that, of the 14 powers to be delegated to enterprises as provided for in the "Regulations," all powers have been obtained by these enterprises except for the power to refuse exaction of fees. The majority of these companies, of course, have not succeeded in obtaining these powers, however. Some of these enterprises are unclear about the objective of adopting the corporate system, which is to change their management mechanism, and often are enthusiastic about having their shares traded on the market, pooling funds, setting up new businesses, and even setting up "renamed companies," taking to the beaten track with new shoes. Therefore, we must not agree that changing the name of a company is the same as making it a modern enterprise.

After state-owned enterprises have practiced the shareholding system, there can be state shares and personal shares. That is, some are owned by individuals and others are owned by the state, but this is not to reinstate individual ownership. The individual ownership Karl Marx talked about in chapter 24, volume 1 of *Das Kapital* refers to the fact that consumer goods are owned by individuals on the foundation of the public ownership of the means of production, and does not refer to the means of production. Engels, in *Anti-Duhring*, clarified this question when he criticized Duhring for imposing a future society on Marx, which is a nebulous world owned both by individuals and by the public.

Engels said it was not Marx, but Duhring who was in this nebulous world. He clearly pointed out: "The state of things brought about by the expropriation of the expropriators is therefore characterized as the reestablishment of individual property, but on the basis of the social ownership of the land and of the means of production produced by labor itself. To anyone who understands plain language, this means that social ownership extends to land and the other means of production and individual ownership to the products, that is, to articles of consumption." I think this is an important principle of Marxism. In a socialist society, or even a future communist society, the means of production are owned by the public, but individual consumer goods are owned by individuals. Many utopian socialists argue that, in a socialist society or a future society, the means of production are owned by the public, and so are the means of consumption. This view has also influenced some Marxists. In the process of agricultural collectivization in the Soviet Union, it happened that not only were the means of production publicly owned, but they also were consumer goods. In 1958, when the "wind of communism" prevailed, we also wanted to make consumer goods publicly owned. All this conflicted with Marxist principles. Engels also made a statement about Marx's use of negation as a negation. He said: "Marx shows in a simple historical way that, just as formerly petty industry, by its very development, necessarily created the conditions for its own annihilation, so now the capitalist mode of

production has itself created the material conditions which will necessarily make it perish. The process is a historical one, and if it is at the same time a dialectical one, it is negation of the negation." He did not view the reinstating of individual ownership as the negation of the negation.

Marx was still alive when Engels wrote the *Anti-Duhring*. Chapter 10 on the history of political economy in its second part was written by Marx. Therefore, we can maintain that Engels' explanation reflects Marx's viewpoints.

Finally, we should point out that public ownership is the direction for the reform of the state-owned enterprise system. But it is impossible to change all of China's state-owned enterprises into shareholding companies. Only some of the enterprises of capitalist countries use the shareholding system, while the remainder are solely funded or in partnership. Of state-owned enterprises, large and medium-sized enterprises are suited for the shareholding system and should be gradually built into corporations according to law. Medium and small enterprises can be leased out, have its management contracted on, and changed into the cooperative shares system, or sold to private owners. This will not change the principle of taking public ownership as the mainstay.

#### Official Interviewed on Gold Industry

HK0104095694 Hong Kong CHING CHI TAO PAO in Chinese No 11, 21 Mar 94 pp 24-25

[Report on interview with Ai Dacheng, deputy director of the Gold Bureau of the Ministry of Metallurgical Industry, by Wu Chen (2477 1057); place and date not given: "Mainland Gold Industry Moving Gradually Toward the Market"]

[Text] As the mainland moves toward the market economy, signs of relaxation of the decades-old monopoly on the gold industry have emerged. During a special interview with this reporter a few days ago, Ai Dacheng, deputy director of the Gold Bureau of the Ministry of Metallurgical Industry on the mainland, expressed: The move to readjust gold prices on the mainland in September 1993 can be regarded as the beginning of the turn to the market economy for the gold industry and the establishment of a gold exchange market, for which preparation work is in full swing, will mark a crucial step toward the market. Although the state-monopolized gold purchase and management system will be maintained for some time to come, and the chaos in the gold industry since last year has been dealt with, the direction of the development of the gold industry will eventually be opening wider and moving toward the market.

#### Making the First Step in the Transition to the Market Economy

Ai Dacheng pointed out: At present, no fundamental change has taken place in the gold management system

instituted on the mainland. This is expressed in the fact that the gold industry is still being operated along the orbit of the planned economy, gold enterprises are carrying out production in accordance with mandatory plans, and the purchase, allocation, and marketing of gold products are monopolized by the People's Bank of China. Gold in the form of mineral products (including gold ingots, gold nuggets, and gold bullion) are still mainly used for state reserves, and have not really entered the market as commodities. No standard gold exchange market has yet been set up in China, and gold still cannot be traded freely. Because of this, Ai Dacheng said: Since the direction of developing the socialist market economy was fixed at the 14th CPC National Congress, fundamental changes have taken place in the macroeconomic environment on the mainland. If the gold industry continues to stick to the tradition of the planned economy, it will have difficulty in its development. Therefore, the only way out for the gold industry, and even the gold trade, is to carry out reform to bring about a transition to the market economy.

Ai Dacheng held that the move to put gold prices in order and to readjust the price mechanism this year is a reform carried out with great effort by the gold trade in recent years. It is totally different from remedial methods used in the old system in the past and is the first step taken in the transition to the market economy.

The mainland has all along pursued the policy of letting the People's Bank of China, together with other departments, fix gold prices on behalf of the state. The gold prices had been distorted over a long period, and when gold prices were at their lowest, the domestic purchase price of gold was less than half of the international prices, but the prices of gold ornaments were higher than international gold prices. Since the reform began on 1 September 1993, the purchase prices of gold have become floating prices determined by the international market instead of fixed prices determined by the state. The purchase price of gold is fixed at a level 10 percent less than that on the international market, and the prices for allocating and marketing are maintained at the same level as those of the international market. At the same time, existing subsidies related to policies, low-interest loans, and preferential policies of tax exemption have been abolished.

#### Focus of Reform of the Gold Trade This Year

According to Ai Dacheng' personal view, the focus of reform of the gold trade on the mainland this year is to speed up the establishment of a domestic gold exchange market. The state's approval of letting gold in the form of mineral products enter the market for business as commodities will mean a fundamental change in the gold management structure. At present, the State Council has instructed the State Economic and Trade Commission to give macro guidance, the People's Bank of China to take the lead, and the State Administration of Gold Control and other departments concerned to assist in the work of



investigation, studies, the design of plans, and the formulation of plans in the establishment of the gold exchange market.

It is held that, because of limitations in the management level and the means of regulation and control on the mainland at present and the reality of imbalance in the purchase and marketing of gold, if restrictions on the gold market are completely removed, the price of gold may rise as a result of supply falling short of demand. Therefore, even if a primary gold exchange market is established on the mainland in the near future, it will still be put under control as in other developing countries. At present, there are three kinds of situations in open gold markets in the world: One is free buying and selling of gold without any restriction; another is free buying, selling, import, and export of gold by legal persons, but not by private individuals; the third is free buying and selling of gold inside the country, but the import and export of gold are restricted. This last form will most likely be adopted for the gold market on the mainland in the future.

Ai Dacheng held that in the early stage of the establishment of the gold exchange market on the mainland, the state possibly will follow the mode of foreign exchange management, set up a standard market in Beijing or in a big city along the coast, and carry out unified management. Gold business will have to be carried out within the market. Details on the scope of management and whether or not individuals are allowed to do business in the market remain to be studied. Ai Dacheng also said: At present, the demand for setting up a gold exchange market of various localities is very strong, and more than 10 provinces and municipalities have already submitted their investigation and study reports asking to be selected as the venue for a gold exchange market at the national level or as the first provincial gold exchange market. However, the attitude of the State Council is to let the state make overall arrangements for the establishment of a gold market, and it does not approve of carrying out experiments at selected points in various provinces for the time being.

#### Speeding Up the Process of the Establishment of the Gold Exchange Market

Ai Dacheng stressed: The establishment of the gold exchange market is a matter of complicated systems engineering, and a great deal of work remains to be done, such as, passage of relevant laws, regulations, and rules; training of specialized personnel; acquisition of necessary hardware facilities, and so on. Therefore, it is very difficult to work out a timetable, and it is not yet clear whether or not such a market can be established in 1994. The only thing definite is that work in this respect will certainly be accelerated in 1994.

Ai Dacheng said that the gold trading policy on the mainland at the present stage is, on the one hand, to energetically open wider to the outside world, and, on

the other hand, to strengthen management and establish a good environment and order for development.

It is learned that over a long period, an enormous underground invisible gold exchange market has been formed on the mainland. In the second half of 1993, because the economic order on the mainland was out of control in some way, a few localities spontaneously began to establish their own local gold markets which were run by the people. To a great extent, underground exchanges became half-open exchanges. More localities were making preparation for setting up gold markets. This resulted in the running away from management of the gold market by the authorities and the reduction in the procurement of gold. Therefore, Ai Dacheng said that departments concerned stressed again a few days ago that the state-monopolized gold purchase and management system will continue to be upheld, and they have decided to carry out an overall check-up of the existing local gold exchange markets; to ban gold exchange markets spontaneously set up, including gold markets which are being built; to prohibit gold processing enterprises from directly purchasing gold from gold mines; and to make it a rule that all gold in the form of mineral products should be sold to the People's Bank of China. At present, the governments of all provinces, municipalities, and autonomous regions, together with departments concerned, are taking joint actions to change as quickly as possible the present chaotic situation in management of gold products.

Besides, the State Council reaffirmed not long ago regulations on forbidding private gold mining. According to what Ai Dacheng said, before the price readjustment in September, local illegal gold exchange markets set up spontaneously purchased gold at prices much higher than those fixed by the state. Stimulated by high profits, gold mining by individuals revived. In remote mountain and border areas of Henan, Shaanxi, Xinjiang, Gansu, Qinghai, and other provinces and regions, gold mining by individuals is especially rampant. At the high tide, the number of individual gold miners reached as many as 300,000.

Ai Dacheng pointed out that individual mining does various kinds of serious harm: First is damage to resources. Gold is a valuable resource which is nonrenewable. Individual gold miners violate scientific laws and sequence in mining. They operate gold mines in a plundering manner, working at mines with rich ore and abandoning those with poor ore. As a result, it is difficult to recover and utilize mines, causing great waste of resources. Second is pollution of the environment. Individual gold miners lack funds and equipment. Extremely toxic chemicals such as cyanide and mercury are used in ore dressing and smelting, and inappropriate handling often causes serious pollution. Third is the emergence of hidden dangers in production. Many individual gold miners illegally carry out mining in places close to state-owned gold mines and damage the geological structure. This gives rise to accidents in production. Fourth is numerous public security problems caused by individual

mining. Large numbers of individual miners gather in border and remote areas where management is relatively weak. They often fight with weapons in contending for claims. A few lawless miners even kill others to seize their gold. They give rise to many social problems. Fifth is that gold mined by individuals is usually not sold to the state. It is stored up by individuals or turned into ornaments. Much of the gold is traded on the black market or even smuggled abroad. This causes great loss of state resources and hard currency.

#### Methods for the Management of Mining Gold in Cooperation With Foreign Countries

While strengthening the management of the gold trade on the mainland, attempts to open the trade to the outside world has started. Ai Dacheng said: The mainland will cooperate with foreign businessmen in exploiting gold resources within a limited scope. At present, foreign businessmen who intend to cooperate with the mainland are provided with data concerning gold resources in Lannigou of Guizhou, Jinya of Guangxi, and Donggualin of Yunnan. Many foreign businessmen have carried out on-the-spot studies and negotiations for cooperation.

Ai Dacheng disclosed: The State Administration of Gold Control drafted procedures for the management of mining gold in cooperation with foreign countries a few days ago, and the procedures have been sent to departments concerned to solicit their views. These procedures are expected to be published in the first quarter of 1994. He also talked about several general principles included in the "management procedures," which are being discussed:

First is determining the scope of cooperation and development. Gold mines which have been preliminarily considered to be of low grade, to contain arsenic, carbon, and other materials, or to have difficulties in ore-dressing and smelting, and those which are considered to have difficulties in mining, ore-dressing, and smelting given the existing technology of the mainland, but which have good prospects for exploitation can be approved for carrying out experiments on mining in cooperation with foreign businessmen.

Second is determining requirements for selecting points for experiments and procedures for approving development projects. General speaking, mines with sufficient domestic prospecting data and relatively favorable external construction conditions can be selected for experiments in cooperation with foreign countries in mining gold. The procedures for approving cooperative projects should be like this: Gold management departments of various provinces should first put forward a report of intent on a cooperative project. After this report is examined by the Ministry of Metallurgical Industry, it is to be submitted to the State Planning Commission and the State Economic and Trade Commission for examination and approval before negotiations are held.

Third is determining the principles for carrying out experiments on cooperation in gold mining at selected points and ways of introducing foreign capital. A preliminary view under consideration is that the Chinese side may use as capital for cooperation mineral resources, land, water and electricity supply facilities, mining equipment, and so on, and the foreign side may use funds, technology, and equipment as their shares of investment. Specific percentage can be fixed through negotiations between the two sides. However, profits in the form of foreign exchange should be shared between the two sides, gold products should still be sold to the People's Bank of China, and foreign businessmen participating in mining gold should not be allowed to take the gold abroad. The duration of cooperation shall be determined by the characteristics and years of service of the mines. When the period of cooperation expires, all the assets of the mine should go to the Chinese side.

Ai Dacheng stated that the above principles are only a preliminary framework of ways to manage gold mining and of opening up gold mines to the outside world. Revision by departments concerned and approval by the State Council are needed before final regulations can be promulgated.

#### PRC Trade Union Role in Market Economy Viewed

HK0104103694 Beijing ZHONGGUO XINWEN SHE in Chinese 0516 GMT 22 Mar 94

["Two Sessions" column by staff reporter Zhang Mingxin (1728 2494 2450)]

[Text] Beijing, 22 March (ZHONGGUO XINWEN SHE)—With the emergence of the labor market and the upgrading of the enterprise system, trade unions in China will surely play a bigger role in the market economy.

All trade unionists attending the "two sessions" were aware of their own new role: Being the "mouthpiece" of the interests of staff members and workers. They presented their views vehemently on numerous issues ranging from staff and worker ability to withstand the strains that should be given consideration in the course of reform, the status of workers and trade unions after the introduction of "a company system" to state-owned enterprises, protection of the legitimate rights and interests of Chinese personnel of foreign-funded enterprises, and perfection of a social security mechanism. Under the planned economy characterized by single ownership, the main role of trade unions was to care for staff and worker well-being and to ensure production. Thus the work of the then trade unions was figuratively summarized into "issuing film tickets, managing meal coupons, and collecting bathing tickets."

China's trade unions are now becoming "antishock valves" enabling reform to progress in a stable society. At present the problem of Chinese enterprises suffering



losses in operation, and suspending or partially suspending production remains pronounced. In many localities, prices have gone up quite rapidly, making life difficult for some staff members and workers. Many deputies to the National People's Congress and members of the National Committee of the Chinese People's Political Consultative Conference who were trade union members appealed to the government to give full consideration to the economic and mental ability of the general public to withstand the resulting strains of the various major reform measures to be taken. Meanwhile, they also briefed the sessions on moves taken by the trade unions in various localities to alleviate contradictions and reduce friction. Sun Hongrong, president of the China Textile Trade Union, said: As Shanghai's textile industry was confronted with structural readjustment, staff and workers would have to leave their current posts and seek new jobs. The trade union of the municipality's textile departments sponsored all types of training courses to pass on job-seeking knowledge free of charge to staff members and workers who had quit their current posts, and ran job introduction centers and undertakings in the tertiary industry to find jobs for them. Li Guozhong, president of the Liaoning Provincial Federation of Trade Unions, remarked: Liaoning is a heavy industrial base. In recent years, some enterprises have been in depression. Trade unions kept files of staff members and workers who had exceptionally great financial difficulties and reported their situations to the government so they could receive relief funds. Trade unions also organized retired staff and workers of state-owned enterprises to do part-time jobs in township and town enterprises. This enabled them both to bring their remaining energies into play and to increase their incomes.

Whether the status of staff members and workers drops after state-owned enterprises establish a modern enterprise systems is also a hot point with which trade unionists are very much concerned. In the past, a state-owned enterprise had an enterprise management committee, a congress of representatives of staff members and workers, and an administrative affairs office, dubbed "three old bodies," and its staff and workers had a great say in enterprise policy making. Once enterprise structural reform is introduced, an enterprise has a congress of shareholders, a board of directors, and a supervisory organ, dubbed "three new bodies." In some newly established shareholding enterprises, the "three old bodies" have come to a standstill. Fang Jiade, vice president of the All-China Federation of Trade Unions, informed this reporter: Currently, in giving publicity to enterprise reform, undue emphasis is laid on property rights relationship to the neglect of labor relationship and on funds and equipment to the neglect of the role of laborers in pushing productive forces forward.

As China further opens up to the outside world and the number of foreign-funded enterprises expands, labor-capital disputes are also increasing in number. The question of infringement of the rights and interests of Chinese personnel has attracted the attention of trade unionists. Jiang Rong, former president of the Shanghai Municipal Federation of Trade Unions, provided this reporter with material like this: A foreign-funded restaurant in Shanghai gave half an hour for job applicants to read the Chinese-version contracts and then asked them to sign English-version contracts. During the probation period, when the employees who could not bear the illegal actions of searching their bodies and bags asked to renounce their contracts with their 340 yuan in cash pledge lost in accordance with the Chinese-version contracts, the enterprise showed them the English-version contracts, which stipulated that if the employees wanted to renounce contracts, apart from returning their cash pledge, they should pay 5,000 yuan in compensation fees. Hence, there was an outcry among the employees. On the issue, he said: In foreign-funded enterprises, it is imperative for trade unions to hold collective talks with enterprises on the employees' behalf on such issues as wages, working hours, labor protection, and safety in production, and to sign common collective contracts. The pressing matter of the moment is to speed up establishment of trade unions in foreign-funded enterprises. According to statistics, of the foreign-funded enterprises which have already started operation, less than a half have set up trade unions.

Trade unionists also confessed: To safeguard the interests of staff members and workers once and for all, it is necessary to perfect the social security system and solve for members of society the difficulties caused by old age, diseases, injury and disability, unemployment, and poverty. At present, it is necessary to enact "labor," "social security," "labor protection," "minimum wage," and "labor contract" laws as quickly as possible. Trade unions should be invited to participate in the whole process of drafting laws which have a bearing on staff member and worker immediate interests. Just as a labor expert said: Internationally, no country in the world can effect an economic takeoff when labor-capital relations are strained and society is turbulent. In countries with a developed market economy, a "three-party" principle has been developed, under which labor relations are handled by the government, enterprises, and trade unions through consultations. China joined the "Treaty on Promotion of the Implementation of International Labor Standards Through Three-Party Consultations" four years ago. This clearly shows China's positive attitude toward the issue. With the improvement of the socialist market economic structure, the "three-party" principle will be gradually established in China and the status or role of trade unions will become increasingly important.

**East Region****Anhui Congress Standing Committee Session Ends***OW3003143094 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 27 Feb 94*

[From the "Provincial Hookup" program]

[Text] The Eighth Standing Committee Session of the Eighth Anhui Provincial People's Congress concluded in Hefei this afternoon.

The session adopted a resolution on convening the Second Session of the Eighth Anhui Provincial People's Congress, "Regulations of Anhui Province for Handling Land Ownership Disputes," "Regulations of Anhui Province on Protection of Minors" and approved personnel appointments and removals.

Meng Fulin, chairman of the Provincial People's Congress Standing Committee, spoke at the concluding session. He said: The year 1994 is a year for deepening reform, promoting development, and advancing the socialist market economy, socialist democracy, and socialist spiritual civilization in an all-around way. The new situation and new tasks set forth new demands on the people's congress. For this reason, the standing committees of people's congresses at all levels must devote more efforts to studies. They should conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the decision adopted by the Third Plenary Session of the 14th CPC Central Committee, new reform measures announced by the Central Government, knowledge about market economics, the Constitution, laws, and regulations so that they will have a better understanding of the basic policy of the Central Committee and the overall task of the whole party and whole nation for this year, a better understanding of the relations between reform and opening to the outside world, and economic development and social stability—the three promote one another and form a single entity. Efforts should be made to promote socialist democracy, speed up the drafting of economic laws, conduct publicity and education on the laws and regulations with redoubled efforts, step up supervision over law enforcement, and use laws to guide, advance, and guarantee the smooth progress of reform and construction. We must support and take an active part in reform and construction. The people's congress must make economic construction the focus of its work and subordinate itself and serve the overall task of the whole party and the whole nation so as to advance the great cause of socialism with Chinese characteristics.

The session was presided over by Shao Ming, vice chairman of the provincial people's congress Standing Committee. Present at the meeting were Vice Chairmen Liu Guangcai, Lu Shengdao, Wu Changqi, Lu Zixiu, Jiang Zehui, Chen Jiyu and Secretary General Lu Desheng. Present as observers were Deputy Governor Yang Duoliang; Han Yunping, president of the provincial

Higher People's Court; Liu Sheng, chief procurator of the Provincial People's Procuratorate; chairmen of some city and county people's congresses standing committees, and officials of the People's congress's liaison committees in the prefectures.

**Anhui Leads Nation in 36 Confirmed Mineral Deposits**

[By Xu Donqin (6079 2639 0530): "Providing Sufficient 'Grain' for Industrial Development, Anhui Leads Other Provinces in Confirmed Mineral Resources"]

*OW3103142994 Hefei ANHUI RIBAO in Chinese 8 Mar 93 p 1*

[By Xu Donqin (6079 2639 0530): "Providing Sufficient 'Grain' for Industrial Development, Anhui Leads Other Provinces in Confirmed Mineral Resources"]

[Text] After years of arduous struggle, geological workers have discovered over 90 various categories of minerals—of which 64 have their deposit volumes ascertained—in more than 1,900 areas in Anhui, of which over 540 are found to be workable and usable. Anhui is leading other provinces in deposit volume of 36 minerals, including coal, iron, copper, sulfur, alum stone, cement limestone, and bentonite with a potential value of 700 billion yuan, winning Anhui not only a spot as a leading province in mineral deposits but also an economic superiority.

The outcome of a recent evaluation on the extent of guarantee that Anhui's 37 major mineral resources can provide to the national economic construction in the year 2010 showed that the province's 146 confirmed coal bases—mainly scattered in areas between Huainan city and Huaibei city—with a deposit volume of nearly 25 billion tonnes rank seventh in the nation and tops other provinces in Eastern China. The close to 3-billion-tonnes confirmed iron deposits in 92 explored iron-producing areas representing 40 percent of the eastern China region's total, ranking first in the region and fifth nationwide. These iron deposits are mainly dispersed in the Maanshan, Lujiang, and Huoqiu areas, of which deposits in Maanshan and Lujiang account for 52.4 percent of the provincial total. It is estimated that additional potential iron deposits throughout the province may reach 1.2 billion tonnes. Confirmed copper deposits also rank fifth in the nation and second in eastern China region, mainly concentrated along the Chang Jiang River, of which deposits in Tongling, Wuhu, Guichi, and Anqing alone account for over 83 percent of the provincial total. Additional potential copper deposits are estimated to be 160 percent more than the existing known figures.

What is particularly gratifying is that, of all the confirmed mineral deposits, 55 categories are concentrated along both sides of the Chang Jiang River, representing 60-100 percent of total deposits of the same minerals across the province. Besides iron, copper, and sulfur, cement limestone is also a major mineral resource along the Chang Jiang River, with confirmed deposit volume



reaching 3.48 billion tonnes in 72 explored areas throughout the province. Ranking fifth in the nation and representing about 80 percent of the provincial total, these cement limestones are primarily scattered along the Chang Jiang River and in Chaohu Prefecture. Anhui's rich and diversified mineral deposits have provided an effective resource guarantee for its economic development.

#### **Briefing on Anhui Economic Situation in 1993**

*OW03030694 Hefei ANHUI RIBAO in Chinese 9 Feb 93 p 1*

[Unattributed report: "The Provincial Government Makes Public Anhui's Economic Situation in 1993, Marked by Rapid Growth, Great Vitality, and Sound Development"]

[Text]

#### **Gross National Product Up 22 Percent Over 1992; Ranked Among Provinces With Relatively Rapid Economic Development in China**

On 7 February, the Information Office of the provincial government held a news briefing. Entrusted by the provincial government, Cui Zhikang, director of the provincial statistics bureau, made public economic development in Anhui Province:

Last year, in the course of establishing a socialist market economy in Anhui, while further emancipating our mind and deepening opening up, we witnessed rapid growth in the national economy; the overall economy showed the most rapid growth, greatest vitality, and most sound development since reform and opening to the outside world. According to preliminary estimates, the gross national product for the whole year topped 94 billion yuan, an increase of 22 percent over 1992, and higher than the national growth by about 9 percentage points. Anhui has already been ranked among provinces with relatively rapid economic growth.

In 1993, there were three salient features in the economic operations of the province:

#### **By Seizing Opportunities, our Economy Shows Rapid Growth**

—Industrial production saw the most rapid annual growth since 1978. In 1993, the total industrial output value of the province reached 140.2 billion yuan, up 44.6 percent over the previous year; of which industrial output value at and above township level reached 94.9 billion yuan, up 26 percent over the previous year, bringing our national ranking from the 14th place in 1992 to the 12th place in 1993. Along with industrial growth, economic efficiency improved markedly. Total sales of industrial products reached 95.5 percent, up 0.8 percentage points over last year. Income and profits, and taxes from sales of industrial products are estimated to have grown by 42.1 percent and 90 percent respectively.

—Agricultural production reaped an all-around bumper harvest. Since last year, the central government has issued a series of measures in a bid to improve agricultural production and develop the rural economy. These, along with various other factors such as favorable climatic conditions, price hikes for grain and other farm and sideline products, reduction of peasants' burdens, and cash terms for purchases of farm and sideline products, have provided a favorable environment and external conditions for enhancing agricultural production. Initial estimates indicate the total agricultural output value for the year will reach 41.7 billion yuan, an increase of 8.5 percent over the previous year, which would be far higher than the average yearly growth of 2.8 percent achieved during the Seventh "Five-Year Plan." Total production of grains, edible oil products, and silkworm cocoons all registered their highest levels of growth, while cotton and aquatic products neared their highest levels in history.

—Investments showed robust growth. Investment in fixed assets by state-owned units totaled 17.17 billion yuan, up 42.6 percent over last year. Of this, investment in infrastructure realized 10.03 billion yuan, up 40.3 percent; and investment in renovations and transformation accounted for 6.26 billion yuan, up 42.6 percent. A large number of infrastructure projects in communications and transportation, as well as on key raw materials were completed and put into operation. Construction of a large number of infrastructural projects, including the Chang Jiang Bridge in Tongling and the Hefei-Jiujiang railway, which have a bearing on the overall situation, made good progress. Construction of a number of raw and semi-finished materials projects, including the Anqing acrylic nitrile and Tongling cement plants, were quickened to further build up Anhui's strength for further economic development.

—Steady increase of market sales. The total volume of retail sales reached 39.17 billion yuan, up 15.9 percent from 1992.

—Rapid rise in the income of urban and rural residents. Per capita income of urban residents was 2,025.7 yuan, up 24.8 percent, or 9.1 percent after deducting price rises; that of peasants was 724.5 yuan, a net increase of 151 yuan and the biggest since the introduction of reform and opening up, or an increase of 9.4 percent after deducting price rises; and the average wage of workers of state-owned units reached 3,095 yuan, up 20.8 percent from 1992, or 5.6 percent after deducting price rises. Residents' savings deposits have increased markedly. At yearend, the balance of savings deposits by urban and rural residents throughout Anhui was 34.181 billion yuan, or 8.518 billion yuan more than at the beginning of the year.

#### **Vitality for Economic Growth Increases Continually**

—Gradual invigoration of the internal mechanisms of state enterprises. In 1993, we conducted active and

fruitful experiments on transforming the operating mechanisms of state enterprises, strengthening property rights, and establishing a modern enterprise system. For example, we achieved notable results in introducing the share-holding system to large and medium state-owned enterprises, in instituting the contracting and management of deficit-ridden state enterprises by nongovernment sectors, in allowing superior enterprises to absorb inferior ones, in inducing foreign capital to upgrade domestic industries, and in auctioning small state enterprises. So far, 377 enterprises have implemented the standardized share-holding system. The successful issuing and listing of stocks of the Meiling Enterprise, Anhui Energy Corporation, and Maanshan Iron and Steel Company has not only helped these enterprises expedite the pace of transforming operating mechanisms and become better known, but also raised over 7 billion yuan to accelerate the development of enterprises.

- Versatile ideas for developing the rural economy. Guided by market-oriented agriculture, we have made headway in readjusting the agricultural structure while the principle of stressing "high yields, high quality, and high efficiency" has brought about sweeping changes in traditional agriculture. Noteworthy is the new road of transferring surplus rural labor, pioneered by 4 to 5 million peasants from Anhui at the beginning of the year. Judging from actual results, the exodus of peasants did not have an adverse effect on agriculture but slightly increased the province's revenue. Moreover, some peasant laborers, who acquired new knowledge and learned technical skills while working in the coastal regions, have played an active role in local economic development.
- Vigorous development of non-state economic sectors. In 1993, non-state economic sectors, with village and town enterprises as the mainstay, have expanded rapidly. The annual total output value of village and town enterprises is expected to set a record 110 billion yuan. In terms of growth rate, while it took Anhui only two years to increase the total output value of village and town enterprises from 30 billion to 110 billion yuan, it took such coastal provinces as Jiangsu and Zhejiang from three to five years.
- Flourishing export-oriented economy. The total volume of foreign trade exports was \$960 million, up 16 percent from 1992. The total supply of foreign trade goods increased 43.6 percent over the previous year. A total of 1,040 new Sino-foreign ventures, cooperative ventures, and solely-foreign funded enterprises were approved, the largest number since the introduction of reform and opening up. The actual amount of foreign capital utilized was \$370 million, up 160 percent from the previous year.
- Flexible macroeconomic regulation and control. Since last June, we have conscientiously implemented the central authorities' Document No. 6 in a timely

manner, and carried out macroeconomic regulation and control in the light of realities in Anhui. We have refrained from demanding uniformity in implementation, adopted realistic measures to curb the overheated economy in localities as deemed necessary, and conducted structural readjustment while keeping the same scale of currency issuance, loans, and investment, thereby maintaining a good momentum for economic growth and warding off economic upheaval.

#### Macroeconomic Regulation and Control Yields Positive Results

- Noticeable alleviation of "bottleneck" constraints. The production of major energy, and raw and semi-finished material products has increased. The output of raw coal was up 6.6 percent, while that of electricity generated, rolled steel, and cement were all up by more than 10 percent. Raw coal, rolled steel, cement, and timber in stock were basically able to meet demand. Meanwhile, prices of capital goods began to drop sharply. In the second half of 1993, the index of purchasing prices of major capital goods registered an average increase of 23.8 percent [sentence as published], or 10 percentage points lower than the margin of increase in the first half of the year.
- Fairly rational investment structure. In 1993 investment in the tertiary industry province-wide rose 61.5 percent, increasing its ratio to the total investment in capital construction to 42.8 percent from 37.1 percent of the same period of 1992. Investment in such basic industries as energy, raw and semi-finished materials, transportation, and posts and telecommunications accounted for 68.2 percent of the total investment in capital construction, or 70 percent if allocations for improving investment environment were included. The rate of allocating funds for key state construction projects also rose sharply.
- Conspicuous increase in financial revenue. The annual financial revenue totaled 7.32 billion yuan, up 32.8 percent from 1992, thus ending the stagnant situation, in which the revenue amounted to some 5 billion yuan for four successive years since 1989. All 16 prefectures and cities overfulfilled the annual budgeted revenue, with most of the prefectures and cities registering an increase of more than 20 percent.
- Improved financial order. Anhui's efforts to rectify financial order brought about a turn for the better in the banking situation. Savings deposits have increased by a wide margin. As of the end of 1993, the balance of savings deposits throughout the province was 49.4 billion yuan, or 8.2 billion yuan more than the figure at the end of June. Currency supply has gradually returned to normal. The total volume of currency supply in 1993 rose 45 percent over the previous year, while currency withdrawn from circulation was up 47.1 percent. The rate of reserve funds has also returned to standard.



Cui Zhikang also discussed a number of contradictions and problems in Anhui's economic life. They are mainly high price rises, poor economic efficiency, and a shortage of funds.

#### **ANHUI RIBAO Commentary on Foreign Investment**

*OW1902101594 Hefei ANHUI RIBAO in Chinese  
2 Feb 94 p 6*

[Commentary by reporter Liu Xuanwu (0491 6693 2976): "A Look at Our Province's Foreign Contacts by Looking At How It Utilizes Foreign Investment"]

[Text] Last year, our province's aggregate volume of contractual investment totaled \$1.4 billion, the largest amount since the introduction of reform and opening up. The newly approved projects included 1,039 foreign-funded enterprises, and the contractual volume of investment was \$700.2 million, exceeding the figures of the past nine years combined. Investors came from 33 countries and regions. After Maanshan Iron and Steel Company's H shares were listed in Hong Kong, they attracted many overseas buyers because of the company's powerful economic strength and good reputation. A total of \$500 million in stocks was sold. This was a new step by our province in utilizing foreign capital. In addition, some foreign capital was also used by the methods of borrowing from foreign banks and foreign governments, conducting compensatory trade, and processing products from materials imported from abroad. Furthermore, last year our province also accepted \$16 million in foreign aid. As a whole, our province's utilization of foreign capital is entering a new period as the channels, methods, and scale for its utilization are expanding.

The arrival of this new period shows that the scope and channels of our contacts are expanding, that more people in the world are beginning to understand and like Anhui, and that Anhui is advancing in big strides in the world arena.

In opening up to the outside world, it is necessary, to a large extent, to expand contacts and ties with various countries. The contacts and ties should include those in the economic, scientific, technological, educational, cultural, and personnel areas. However, these contacts should, finally, be based on economic contacts and should be embodied by economic interests and benefits. How should we expand our province's contacts and ties with foreign countries? From a long-range point of view, an important thing we should do is to use and manage foreign capital well and strive to constantly increase its value and make it yield benefits.

The purpose of foreign businessmen who invest in our province is to make money, and it is because there are profits to be made that we introduce foreign capital. This is reasonable. Cooperation and contacts with foreign businessmen will continue to consolidate and develop only if both sides can profit. There is a humorous saying

by the people of Hefei which goes like this: When foreign businessmen get rich, we also get rich; both sides "will get fat if they cooperate." Therefore, we must not fear that foreign businessmen will make money; instead, we should create conditions for them to make money. This is an "economic chain" which leads to expansion of contacts and enhancement of friendship. Many practical situations have shown that if foreign businessmen who have invested in our province fail to make money in two to three years, they will lose interest in our province. Besides, this will adversely affect investment by other foreign businessmen in our province. If their capital increases in value quickly and if the projects built with their aid yield profits, they will show greater interest in cooperating with us. Besides, this has also increased our confidence and attracted more people who are willing to invest in Anhui and to cooperate with and aid us. For example, at first foreign businessmen invested only several hundred thousand U.S. dollars in some foreign-funded enterprises such as the Zhongyuan Shoes Manufacturing Company, Limited, in Jieshou and the Hongqing Precision Machine Tool Plant in Anqing. Before long, the value of the U.S. dollars increased like nuclear fission in Anhui, turning the two enterprises into pacesetters in cooperation with foreign businesses. Later, under the influence of the pacesetters, many more foreign businesses came to invest in Anhui. Having achieved great successes, the Huabei [North China] plain agricultural project, the first project of Anhui's agricultural sector that introduced foreign investment, became a banner of China's agricultural sector in introducing foreign investments. It attracted one batch after another of larger foreign-invested agricultural projects. The successes achieved by the Anhui Provincial XINHUA Printing Factory in implementing a project with German assistance also caught the attention of some overseas personages. All these showed that successful utilization and management of foreign investments as well as projects with foreign assistance is an important step in expanding contacts with the outside world, attracting more foreign investment, and achieving greater successes.

There are many institutions in Anhui that have made good use of foreign funds. However, there are also some localities that often think the job is finished after foreign funds are introduced. They do not spend the time and effort to use and manage foreign funds. As a result, the value of foreign funds fails to increase quickly, thereby adversely affecting the expansion of cooperation and contacts with the outside world. Actually, the introduction of foreign funds is only the beginning of the job. More difficult work lies ahead. We must establish highly efficient operating mechanisms step by step for the three kinds of partially or wholly foreign-owned enterprises and for other projects under cooperation with foreign businessmen so as to really give full play to the role of introduced foreign funds as a yeast. Some localities in our province are handling the task now. For example, the Hefei City Government last year established an "office responsible for providing services to foreign-owned

enterprises," called "Foreign-Owned Enterprises Office" for short, in addition to its "Foreign Funds Office." After the "Foreign Funds Office" has introduced foreign funds, the "Foreign-Owned Enterprises Office" will be specifically responsible for the establishment of the three kinds of partially or wholly foreign-owned enterprises, for providing services and coordination for them, and for their administration and supervision. It created conditions for highly efficient operation of the three kinds of partially or wholly foreign-owned enterprises. Such a practice is recommendable.

At present, the spring tide of reform and opening is surging from coastal areas to the hinterland; our province is benefiting from the development strategy for areas along the Chang Jiang; more foreign businessmen will commit investments in Anhui. In the face of such an opportunity, we must greet it in a more sincere attitude and with more solid work and better services so we may establish more extensive contacts with the world.

#### Jiangsu Banker on Banking Reform

OW2702131194 Nanjing XINHUA RIBAO in Chinese  
6 Feb 94 p 2

[Report on interview with Lin Zhenxiong (2651 2182 7160), president of the People's Bank of China's Jiangsu branch, by staff reporter Zhu Xinhua (2612 2450 5478): "The Investment Scale Remains Overextended, the Contradiction Between Fund Supply and Demand Remains Glaring"—place and date not given]

[Text] The year 1993 was unusual for our province's banking sector. What will our province's banking situation be in 1994? With this question in mind, this reporter interviewed Lin Zhenxiong, president of the provincial branch of the People's Bank of China.

Lin Zhenxiong first affirmed our province's achievements in banking work last year. In 1993, our province scored remarkable achievements in macroeconomic regulation and control of the banking sector. Everybody credits "three factors" with bringing about the hard-won change from the extremely dire situation during the first six months to the trend toward basic stability by year's end: The effort by the central authorities to increase and improve the weight of policy decisions regarding macroeconomic regulation and control, the joint efforts by party committees and governments at all levels and by all departments, and the joint efforts by the entire banking sector.

Thereafter, he said: Because some deep-seated problems pertaining to economic and banking operations have yet to be solved fundamentally, the foundation for basically stabilizing the current banking situation remains rather fragile, and there are still many contradictions and problems. He analyzed the main contradictions and problems in banking work as follows:

Although the investment scale for fixed assets has been determined, it remains overextended, and the contradiction between supply and demand of funds remains glaring. The commodity price index has risen rather swiftly, posing formidable tasks for containing inflation. Working capital is still in short supply. On the one hand, the proportion of working capital to new loans in the state's credit plan for this year is the smallest in history; on the other, the substantial proportion of processing industries in our province's economy demands large amounts of working capital. Therefore, this year, banks will face new contradictions in arranging loans for use as working capital. Banking institutions of various types lack sound mechanisms by which they exercise self-restraint, and banking activity has yet to be regulated. Although banking order has improved somewhat, the chaotic state has yet to be rectified completely. A few banking institutions and some localities, departments, and units outside the banking sector have unduly pursued gains for small groups or individuals. The practice of indiscriminately collecting fees, providing financial assistance, granting loans, and raising interest rates will likely persist, and this will affect banking stability.

What are the countermeasures? Lin Zhenxiong said: The party Central Committee has set forth the guiding principles for work to be carried out by the entire party, as well as overall economic work. It has determined the principle for carrying out this year's banking work: "Continuing to restore banking order, advancing banking reform steadily, strictly controlling the total credit volume, and earnestly tightening supervision and control over the banking sector." The establishment of this principle is of vital importance for solving contradictions and problems in banking work, for consolidating the achievements in macroeconomic regulation and control, and for promoting sustained, rapid, and healthy economic development. According to this principle, our province's banking sector should focus on the following tasks this year:

It should make earnest organizational efforts to implement the State Council's various measures for reforming the banking system, and make every effort to raise funds and increase its financial strength through the gradual establishment of a banking operational mechanism suited to the socialist market economic system. This year, it will implement a system of managing assets and liabilities ratios under the guidance of loan quotas. It will unify foreign exchange rates, abolish the practice of retaining portions of foreign exchange proceeds, conduct foreign exchange transactions through banks, inspire foreign trading enterprises' enthusiasm for earning foreign exchange from exports, and attract foreign funds.

It will strictly control the total credit volume, especially loans for fixed assets investment, in accordance with the requirements of state macroeconomic policy decisions. The State Council recently issued a circular on continuing to tighten macroeconomic regulation and control over fixed assets, instructing that no efforts should be made to blindly increase investments, launch projects,



and expand the investment scale without regard to macroeconomic conditions. As state banks, various banking institutions should properly perform their functions as banking departments in conjunction with planning commissions, economic commissions, and other economic departments under the leadership of local governments. They should exercise strict control over financial resources in accordance with the guidelines of the State Council's circular.

We should continue to restore banking order and create a good banking environment that is conducive to healthy economic development. Because of last year's consolidation efforts, banking order is now taking a turn for the better. Nevertheless, all departments and localities, as well as banks at all levels, should pay close attention to preventing the occurrence of new problems under the new situation. Various banking institutions should exercise greater self-restraint and regulate their activities. The lessons of last year have taught everybody that chaotic banking order will inevitably tarnish the reputation of banking departments and ultimately affect economic development. Only by maintaining banking stability can we promote healthy economic development.

Lin Zhenxiong hoped to send the following message to various departments through the media: According to the decision of the Third Plenary Session of the 14th CPC Central Committee, we should take a gigantic step forward in this year's reform of the banking system. This reform, however, can only be completed after a lengthy process. We cannot implement it in only one move; we should advance it steadily in conjunction with reforms in other fields. It is hoped that people in all circles will show greater understanding of and support for our province's reform of the banking system and banking work. Banking departments should maintain close contact with local governments, provide more briefings to party and government leaders, attract greater attention from leading party and government departments, and make more contributions to our province's reform, opening up, and economic development.

#### **Jiangxi Secretary Mao Zhiyong Views Agriculture**

*HK3003123494 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 26 Mar 94*

[Text] A provincial conference of prefectural and city party committees secretaries as well as prefectural commissioners and city mayors concluded today. The conference called for acquiring a clear understanding of the current situation; seizing each and every excellent opportunity; and earnestly strengthening agricultural and rural work. The provincial conference of prefectural and city party committees secretaries as well as prefectural commissioners and city mayors was held in Nanchang 25-26 March.

The conference relayed the spirit of a recently concluded national rural work conference and a recently concluded national family planning symposium. It also discussed and arranged for the province's work at the moment.

Provincial party committee Secretary Mao Zhiyong and provincial Governor Wu Guanzheng delivered important speeches at the conference. Also attending the conference were the provincial leaders, including Zhu Zhihong, Lu Xiuzhen, Ma Shichang, Zhang Fengyu, Su Shengyou, Shu Huiguo, Huang Zhiqian, Peng Kunsheng, Zhong Qihuang, Feng Jinmao, Zheng Liangyu, Zhang Yunchuan, and Huang Maoheng, prefectural and city party committee secretaries, prefectural commissioners and city mayors, as well as persons in charge of the provincial departments concerned.

In his speech, Secretary Mao Zhiyong first and foremost made a comprehensive analysis of the excellent situation in Jiangxi at the moment and called for sumbitting to and serving such overall interests as grasping each and every excellent opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability. To this end, Mao Zhiyong noted, it is imperative to correctly handle relations between reform, development, and stability. Given the actual conditions of Jiangxi, first, we should make continued efforts to promote development with an eye on boosting the province's national economic growth; second, we should cultivate a new train of thought and adopt new measures to improve labor quality and push ahead with economic and educational development by dint of scientific and technological progress and structural readjustment; third, we should strive for faster growth and rapidly build a socialist market economic structure and a socialist market economic operative mechanism in the course of the on-going in-depth reform; fourth, we should strive for faster growth while maintaining overall stability. To this end, we should actively, cautiously, and appropriately implement each and every reform measure to avoid drastic upheavals or turmoil and secure sustained, rapid, and healthy economic growth.

Secretary Mao Zhiyong stressed: We should make unreversed efforts to step up agricultural and rural work. Agriculture, rural areas, and peasants have always been fundamental issues with an important bearing on the country's overall development. In order to maintain social stability, we should first maintain stability in rural areas where over 80 percent of China's population reside. Without agricultural development, it would be impossible to successfully further and speed up overall development, nor will it be possible to deepen reform and maintain stability. Only when agriculture is developed will we be able to make a success of other types of work.

Secretary Mao Zhiyong pointed out: Given Guangxi's situation at the moment, we should strive to make a success of this year's agricultural and rural work by focusing on the following six aspects:

1. Maintaining stable grain output. To this end, we should strive to maintain the total provincial grain output at or above 30 billion jin and the total provincial cotton output at or above 200 million kilograms.

2. Increasing income on the part of peasants. To this end, we should strive to raise per capita net income on the part of peasants by 150 yuan on the basis of last year.

3. Further developing township and town enterprises. To this end, we should strive to raise the total provincial township and town enterprises output value to or above 80 billion yuan.

4. Taking firm measures to reduce the natural population growth rate.

5. Popularizing advanced science and technology; implementing the joint-stock system on a large scale; and establishing and perfecting all types of socialized service systems;

6. Building more infrastructure facilities.

Secretary Mao Zhiyong stated: Now that we have clear-cut principles to follow and specific policies and measures to go by in agricultural and rural work, we should implement these principles, policies, and measures to the letter. The provincial party committee and government hope that all areas and departments in the province will display a strong sense of political responsibility, resolutely implement to the letter the central rural work principles, and successfully carry out 10 aspects of work while making continued efforts to stabilize and perfect the basic operating system. Now the province's spring plowing production has been unfolded on a large scale, all areas should make overall arrangements for and strive to accelerate grain, cotton, oil crops, vegetables, aquatic products, fruit, forest, and other types of production as well as township and town enterprises development.

Secretary Mao Zhiyong also called for taking overall interests into account and successfully carrying out reform, promoting development, and maintaining stability in a down-to-earth manner. To this end, first, it is imperative to successfully develop industrial production; second, it is imperative to maintain social and political stability; third, it is imperative to persistently and incessantly further the on-going anti-corruption struggle; and fourth, it is imperative to conscientiously intensify comprehensive social order management.

In the end, Secretary Mao Zhiyong called on all areas and departments across the province to practically strengthen leadership, conscientiously carry out study, take overall interests into account, improve work style, and implement to the letter a series of policies, decisions, and measures formulated by the CPC Central Committee as well as the Jiangxi Provincial CPC Committee and People's Government.

At the conference, Governor Wu Guanzheng also delivered a speech in which he spelled out the following specific requirements for how to implement the spirit of the above mentioned national rural work conference and national family planning symposium:

1. Increasing agricultural input. This year, Wu Guanzheng noted, all levels in the province have attached

more importance to increasing agricultural input. The province's estimated financial expenditure on agricultural production has reached 410 million yuan, up by 12.4 percent over last year. Prefectures, cities, and counties should abide by this estimated financial expenditure.

2. Making a success of production, importation, transportation, allocation, and supply of agriculture-oriented production means. Departments concerned across the province should make every possible endeavor to guarantee production and supply of agriculture-oriented means of production with an eye on ensuring smooth agricultural production. They should also provide agricultural production with sufficient funds, raw and processed materials, energy, and transportation, and see to it that all chemical fertilizer factories operate at full capacity.

3. Deepening grain purchase and marketing system reform and setting up a grain risk fund aimed at pushing ahead with grain purchase and marketing system reform. To this end, it is imperative to strengthen state macro-economic regulation and control over grain production, further improve grain purchase measures, and raise grain purchase prices.

4. Strictly controlling price hikes. To this end, it is imperative to keep this year's price index at or below 10 percent. Prefectures and cities across the province should strive to stabilize grain and vegetables prices. Governments at all levels across the province should assume full responsibility for vegetable supplies. It is imperative to institute a system under which city mayors assume full responsibility for vegetable supplies in cities. At present, it is imperative to strengthen control of prices of agriculture-oriented means of production and to formulate strict rules governing competitive prices listed by different grain enterprises.

5. Banning the practice of indiscriminately paying wages and bonuses to staff and workers. To this end, all areas and departments in the province should strictly implement the current wages system and ban the above mentioned malpractice.

6. Strictly control the total number of new projects under construction, make continued efforts to screen, suspend, or cancel a batch of duplicate and non-profitable projects being built in violation of the state industrial policies, and stop building capital construction projects or technological transformation projects short of construction funds.

7. Successfully fulfilling social stability maintenance tasks and adopting effective measures to tackle each and every major problem that has given rise to strong resentment among the masses.



### Shandong Procuratorate Work Report

SK1603123494 Jinan DAZHONG RIBAO in Chinese  
5 Mar 94 p 2

[Text] On 3 March, Zhao Changfeng, chief procurator of the provincial people's procuratorate, reported to the deputies participating in the second session of the eighth provincial people's congress on the "work report of the Shandong Provincial people's procuratorate."

Zhao Changfeng said in his report: In the past year, the procuratorial organs at various levels across the province took Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the guidelines of the 14th party congress as a guidance; conscientiously exercised the legal supervisory functions under the leadership of the provincial party committee and the Supreme People's Procuratorate, under the supervision by the people's congresses at various levels and their standing committees, with the support of the governments, and closely in line with the central link of economic construction; strictly enforced laws; paid firm attention to handling cases; comprehensively carried out the procuratorial work; and made positive contributions to promoting economic development and administrative honesty.

Zhao Changfeng said: Last year, we constantly and persistently unified our thinking with a series of instructions made by the party Central Committee and the provincial party committee on opposing corruption and advocating administrative honesty, strictly enforced laws, firmly attended to handling cases, attached prominent importance to investigating and handling major and appalling cases, and made outstanding achievements. The province accepted 6,034 economic criminal cases of various categories; put 3,720 economic cases, including cases of corruption and bribery, on file for investigations and handling; and investigated and handled 1,769 major and appalling cases of various categories, showing an increase of 82 percent and setting a historical record.

Zhao Changfeng said: From the beginning of last year, we continued to persistently take the struggle against serious criminal activities and the overall improvement of social order as another important task for safeguarding social stability and guaranteeing the smooth progress of reform, opening up, and economic construction. We resolutely implemented the principle of "strictly and rapidly handling various criminal activities" and sternly dealt blows to various kinds of serious criminal activities. Last year, we accepted the reports on arresting 26,365 criminals submitted by the security organs and arrested, with approvals, 23,156 criminals, respectively increasing 4.4 percent and 4.5 percent over the previous year; handled 25,359 criminals whose lawsuit cases were submitted by the security organs; and brought prosecutions against 20,443 persons to the people's courts through examinations.

Zhao Changfeng said: Last year, the procuratorial organs across the province strengthened the supervision over the enforcement of laws and disciplines and comprehensively carried out civil administration, the work of prisons, accusations, and appeals. In coordination with the struggle against corruption, we strengthened the examinations of the enforcement of laws and disciplines and concentrated energy on investigating and handling the criminal cases of state working personnel "violating power" and neglecting functions. We also strengthened the examinations of prisons; conscientiously examined and corrected various unlawful activities within prisons and reformatories, particularly the unlawful activities of replacing punishment by money and wantonly collecting money; ensured the accurate implementation of state laws and the party's policies on reform-through-labor and reeducation-through-labor; and ensured the strict enforcement of laws and the management in a civilized manner. We should attach prominent importance to the trial of civil cases and the examination of administrative lawsuits and make positive efforts to handle cases. We conscientiously received and appropriately handled visitors and incoming letters from citizens and strictly investigated and handled accusation and lawsuit cases.

Zhao Changfeng said: Over the past year, we persisted in the principle of "building procuratorial organs according to laws and sternly administering procuratorial work" and continuously regarded the building of contingents as an urgently strategic task. Procuratorial organs helped party committees to accomplish the elections of procurators at three levels and strengthened the leading bodies' ideology, organizational ability, and work style. At the time of positively engaging in the struggle against corruption, the procuratorial organs at various levels strengthened administrative honesty. According to the central authorities and the provincial party committee's regulations on being honest in performing official duties, the procuratorial organs conscientiously launched the self-investigation and self-correction activities; resolutely eliminated the problems that a small number of units exceeded their power to handle cases, took part in economic disputes, and wantonly collected funds and charges; strengthened the in-service training of cadres and policemen; and upgraded the cadres and policemen contingents' political integrity and professional abilities. Under the circumstances where tasks were arduous and work conditions were comparatively arduous, the broad masses of procuratorial cadres and policemen demonstrated extremely good mental outlook, carried forward the revolutionary spirit of fighting indomitably and making selfless sacrifice, tempered themselves in the course of waging the struggle against corruption, and experienced the grim tests of justly enforcing laws under the market economic conditions. A group of advanced collectives and individuals emerged.

Zhao Changfeng said: The year 1994 is an extremely important year to deepen reform. The new situation of reform and opening up sets higher demands on the procuratorial work. We should continue to persistently

take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as a guidance; persist in the principle of taking a two-hand approach and ensuring both hands are tough; attach primary importance to safeguarding social and political stability; and further investigate and handle major and appalling cases of corruption and bribery, the illegal cases of not strictly enforcing laws, and the illegal cases involving legal persons; take the overall procuratorial work situation into consideration by strictly enforcing laws and firmly handling cases; press forward the work in a down-to-earth manner; and create a good social environment and a good legal environment for reform, opening up, and economic construction.

### Shandong People's Court Work Report

SK1603120894 Jinan DAZHONG RIBAO in Chinese  
5 Mar 94 p 2

[Text] Yu Peigao, president of the Shandong Provincial Higher People's Court, delivered "the work report of the provincial higher people's court" to the second session of the eighth provincial people's congress on the morning of 3 March.

Yu Peigao said in his report: In 1993, the provincial court conscientiously implemented the major policy decisions of the party Central Committee and the State Council and the decisions and resolutions of the provincial people's congress; strictly enforced the constitution and laws; positively carried out the judicial work in line with the requirements for safeguarding social and political stability, strengthening the macroeconomic regulation and control, and waging the struggle against corruption; and better accomplished the tasks. In the past year, the courts across the province accepted 329,733 lawsuits of various types, an increase of 22.5 percent over the previous year; and concluded 328,003 cases of this kind, an increase of 23 percent. Through the trial activities, the courts brought into play their judicial and guaranteeing roles in safeguarding social and political stability, punishing the corrupt, and promoting reform, opening up, and economic development.

Yu Peigao said: To safeguard social and political stability, the courts at various levels across the province strengthened the trial of criminal cases and sternly dealt blows to various criminal activities according to laws. Last year, the courts at various levels accepted first rulings on 19,071 criminal cases and concluded 19,133 criminal cases. The courts at various levels prominently dealt blows to serious cases and examined and handled, according to laws, 8,169 criminal cases of seriously jeopardizing social order and examined and handled 2,262 economic criminal cases under first rulings.

Yu Peigao said: Last year, the courts at various levels across the province conscientiously implemented the central authorities' major policy decisions on setting up the socialist market economic system and strengthening macroeconomic regulation and control and vigorously strengthened the trial of economic cases. The courts

accepted first rulings on 148,745 economic dispute cases and concluded 146,336 cases of this kind, both showing increases of nearly 50,000 cases over the figures of last year. The cases that had been concluded were estimated at 8.5 billion yuan, showing an increase of 210 percent and surpassing the total sum in the previous 14 years.

Yu Peigao said: Along with the development of the market economy, great changes have taken place in the mainstays, contents, and categories of the civil lawsuits. At the time when the number of traditional civil dispute cases continues to increase by a big margin, the proportion of civil cases due to economic disputes gradually rose. To this end, the courts at various levels further strengthened the trial of civil cases. The courts across the province accepted first rulings on 146,740 civil cases and concluded 147,644 cases of this category, respectively increasing 7.6 percent and 8.9 percent.

Yu Peigao said: Achieving the administrative trial work is of extremely importance to supervise and safeguard administrative organs to exercise their functions according to laws; protect the legal rights and interests of citizens, legal persons, and other organizations; and promote the building of socialist democracy and politics. In line with the Supreme Court's guiding ideology of boldly accepting and handling cases, last year, the provincial court made efforts to carry out the administrative trial work. A total of 1,444 administrative cases were accepted and 1,436 cases were concluded, respectively increasing 55.8 percent and 64.1 percent over the previous year.

Yu Peigao said: Strengthening the supervision over the trial work is an effective measure for upgrading the judicial quality and ensuring the strict enforcement of laws. Last year, the courts at various levels strictly carried out the system of bringing lawsuits such as open trial, defense, second rulings, last rulings, and retrials; comprehensively strengthened the supervision over the trial work; and ensured the quality of handling cases. Judging from the assessments and examinations of cases and the general inspections on the enforcement of laws, we know that 98 percent of the cases that had been handled attained the qualifications.

Yu Peigao said: Last year, the courts at various levels positively explored ways for reforming the forms of trying civil, economic, and criminal cases; carried out the method of opening an court session "in one step;" and ensured to state reasons at courts, to publicly give evidence, clearly make statements, and investigate facts at courts. Thus, the functions for trying cases at courts were intensified, the efficiency and quality of handling cases were upgraded, and the unhealthy trends interfering in the trial work were effectively prevented.

Yu Peigao said: The year 1994 is a key year to comprehensively promote China's economic restructuring and to make a key breakthrough in the reform. So, the people's courts are confronted with heavier and more



arduous tasks. We should take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as a guidance, conscientiously implement the guidelines of the third plenary session of the 14th party Central Committee and the sixth provincial party congress, strictly enforce the resolutions of this session, further emancipate the mind, conduct reform, blaze new trails, comprehensively strengthen the trial work, create prestige through the strict attacks against criminal activities, make achievements in cracking major and appalling cases, make big development in readjusting the relationship between various sectors of the economy, and comprehensively upgrade the judicial quality.

Yu Peigao said: In the new year, we should further consciously rely on the leadership of the party committees, more actively accept the supervision by the people's congresses, positively strive for the support of the governments and the departments concerned, comprehensively achieve the trial work, and make new contributions to safeguarding the province's social and political stability and ensuring the smooth progress of reform, opening up, and economic construction.

**Shandong Economic Development Communique**  
*SK0903232294 Jinan DAZHONG RIBAO in Chinese*  
28 Feb 94 p 3

[Statistical Communique of the Shandong Provincial Statistical Bureau on Shandong Economic and Social Development in 1993]

[Text] In 1993, guided by the guidelines of the 14th party congress and the third plenary session of the 14th CPC Central Committee, the people throughout the province conscientiously studied Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, further emancipated the mind, seized the opportunity to deepen reform, opened still wider to the outside world, and invigorated the province through science and education. As a result, the national economy continued to increase, comprehensive economic strength was enhanced further, industrial structure was optimized, economic efficiency improved gradually, the market was brisk, and living standards of urban and rural residents improved gradually. In 1993, the gross domestic product was 270.088 billion yuan, an increase of 24.2 percent over the previous year, an increase of 330 percent over 1980, fulfilling the fighting goal of quadrupling the 1980 GNP seven years ahead of schedule. Both the total supply and total demand maintained a relatively rapid growth rate, and the difference rate between total supply and demand was kept within a rational scale.

**1. Primary Industry**

In 1993, the province continued to profoundly implement the central authorities' "decision on strengthening agriculture and rural work," actively increased input to improve the conditions for agricultural production, and vigorously developed the agriculture characterized with fine quality, high yield, and high efficiency, thus reaping

a relatively bumper harvest despite serious natural calamities. The annual added value of agriculture was 59.682 billion yuan, up by 6.1 percent over 1992. The total annual agricultural output value was 99.4 billion yuan, up by 14.3 percent. Except for cotton, all major agricultural products set a record high in output. A relatively big increase was effected in output of grain, cooking oil, fruits, and vegetable.

The output of major agricultural products was as follows:

	1993	Percentage increase over 1992
Grain	41.00 million tonnes	14.2
Of which: wheat	20.24 million tonnes	7.8
Cotton	410,000 tonnes	-39.4
Oil-bearing crops	2.68 million tonnes	61.4
Of which: peanuts	2.67 million tonnes	61.9
Vegetable	27.12 million tonnes	39.4
Fruits	5.014 million tonnes	34.9

Relatively big progress was made in forestry production. In 1993, the province afforested a total of 358,000 hectares of land, up by 47.9 percent over 1992.

Animal husbandry production continued to develop. The output of major animal products and livestock inventories increased.

	1993	Percentage increase over 1992
Total meat output	3.63 million tonnes	23.8
Of which: pork	2.03 million tonnes	9.9
beef and mutton	630,000 tonnes	35.4
Milk	390,000 tonnes	15.1
Poultry eggs	2.14 million tonnes	25.4
Pigs slaughtered	25.13 million head	8.7
Draft animals (year-end figure)	10.58 million head	21.0
Pigs (year-end figure)	21.15 million head	4.8
Sheep (year-end figure)	27.25 million head	14.8

Fishery production increased by a large margin. In 1993, the annual output of aquatic products was 3.193 million tonnes, up by 28.7 percent over 1992. Of this figure, output of marine products was 2.896 million tonnes, up by 28.6 percent; and that of freshwater products was 297,000 tonnes, up by 28.9 percent. Aquatic product exports amounted to 100,000 tonnes, an increase of 30,000 tonnes over 1992, earning \$350 million in foreign exchange, or \$100 million more than the 1992 figure.

Conditions for agricultural production improved further. By the end of 1993, the aggregate power of farm machinery was 35.18 million kilowatts, of which, the

power of tractors for agricultural use was 8.38 million kilowatts, up by 3.6 percent. Rural consumption of electricity was 10.66 billion kilowatt hours, up by 6.4 percent. The acreage effectively irrigated was 4.624 million hectares, up by 0.6 percent.

Rural economy developed rapidly. The 1993 total product of the rural society was 537 billion yuan, up by 84.4 percent over the previous year. Of this, output value of the non-agricultural industries, such as rural industries, construction, transportation, commerce, and catering service, increased by 110 percent over the previous year. The proportion of these non-agricultural industries in the total rural economy rose from 70.8 percent in 1992 to 81.5 percent in 1993.

## 2. The Secondary Industry

According to the requirements for setting up the socialist market economic system, in 1993, the province accelerated the pace of enterprise reform, positively readjusted the industrial structure, made efforts to improve efficiency, firmly grasped the improvement of product quality, and ensured sustained and fast development of the secondary industry. The added value of the secondary industry was 144.206 billion yuan, an increase of 29.9 percent. The proportion of the added value of the secondary industry in the gross domestic product rose from 49.3 percent in 1992 to 53.4 percent.

The industrial production increased at a high speed. In 1993, total industrial output value reached 598 billion yuan, an increase of 57.2 percent. Of this, the total output value realized by the industries at or above the township level reached 342.92 billion yuan, an increase of 35.7 percent; and the sales value was 328.922 billion yuan, an increase of 39.25 percent. The added value of industries reached 129.4 billion yuan, an increase of 29.2 percent.

The pace of structural readjustment was accelerated. The industries of various economic sectors developed at a high speed. The output value realized by enterprises not owned by the state accounted for a large proportion. The output value of state-owned industrial enterprises increased by 14.85 percent; and that of collective industrial enterprises increased by 56.37 percent. Of this, that of township-run industrial enterprises increased by 85.59 percent; and the industries of other economic sectors with "three types of foreign-funded enterprises" constituting the mainstay increased by 150 percent. Of the output value of the industries at or above the township level, 49.9 percent were realized by enterprises other than the state ownership, an increase of 5.5 percentage points over the previous year. Light and heavy industries increased at the same fast pace. With the high investment demands, the increase in heavy industry was accelerated. The output value of heavy industry was 183.941 billion yuan and the sales value was 175.985 billion yuan, an increase of 36.61 percent and 37.34 percent. The output value of light industry was 158.98 billion yuan and the sales value was 152.937 billion

yuan, an increase of 34.85 percent and 39.70 percent. The product mix was continually readjusted and optimized according to market demands.

The yield of major industrial products was as follows:

	1993	Percentage Increase Over 1992
Cameras	360,300	2.4
Color television sets	476,800	26.9
Household washing machines	773,300	27.2
Electric fans	1,650,100	-30.1
Household refrigerators	508,200	134.2
Chemical fiber	95,600 tonnes	40.4
Yarn	711,000 tonnes	-1.3
Cloth	2,601 billion meters	13.2
Beer	1,737,600 tonnes	24.7
Machine-made paper and paper board	1,875,400 tonnes	17.6
Synthetic detergents	173,900 tonnes	10.3
Raw coal	8,917,300 tonnes	8.5
Crude oil	32,700,000 tonnes	-2.3
Electricity	60.5 billion kilowatt hours	6.8
Steel	3,286,200 tonnes	16.9
Steel products	2,231,900 tonnes	9.6
Soda ash	1,085,100 tonnes	16.6
Caustic ash	463,100 tonnes	7.7
Chemical fertilizer	1,555,200 tonnes	0.6
Farm chemicals	20,800 tonnes	-4.1
Plastic sheds	50,600 tonnes	-21.1
Synthetic rubber	121,900 tonnes	5.7
Cement	39,745,000 tonnes	25.7
Metal cutting machine tools	19,286	-0.6
Vehicles	20,700	19.3
Medium-sized tractors	4,986	-48.4
Small tractors	171,400	-43.8

Production and marketing became better coordinated. The marketing rate of the industrial enterprises at and above the township level throughout the province was registered at 95.92 percent in 1993, up 2.98 percentage points from the preceding year. Translated, the marketing rate of state-owned enterprises was 97.7 percent, that of collective enterprises 93.96 percent, and that of other enterprises 96.88 percent, up 0.68, 5.4, and 4.88 percentage points, respectively, from the preceding year. Relying on their advantages in personnel and technology, large and medium-sized industrial enterprises



made active efforts to transform their operating mechanism to notably increase the competitive edges of their products. The annual marketing rate of their products was 97.66 percent, 1.74 percentage points higher than the provincial average.

Economic efficiency improved steadily. The general index of the economic efficiency of the industrial enterprises at and above the township level which adopted the independent accounting system was 98.69 percent in 1993, up 8.65 percentage points from the preceding year; the added value they achieved was 84.699 billion yuan, up 42.08 percent; the profits and taxes they turned over to higher authorities totaled 28.132 billion yuan, up 43.19 percent; and their profits totaled 11.469 billion yuan, up 76.39 percent. The six indicators adopted to calculate the general index of economic efficiency were all better than in the preceding year. Of them, the profit-tax rate of funds was 10.06 percent, up 0.78 percentage points; the profit rate of cost 4.71 percent, up 0.52 percentage points; labor productivity 14,897 yuan per capita, up 41.37 percent; and the turnover of circulating funds 1.84 times, up 0.07 times.

Construction industry registered faster development, and its efficiency improved steadily. Thanks to the rapid growth in fixed asset investment and continuous in-depth development of the reform of construction enterprises, the production of the construction industry was notably accelerated, with the added value of the construction industry achieved by construction enterprises totaling 14.8 billion yuan in the year, up 36.5 percent. The output value achieved by state-owned construction enterprises and the collective construction enterprises at and above the county level totaled 12.43 billion yuan, up 25.9 percent. The annual construction output value was 12.15 billion yuan, up 26.3 percent; 23,739 million square meters of houses were under construction, up 13.8 percent, and 36.9 percent was completed; and the per capita productivity (calculated based on output value) was 26,124 yuan, up 21 percent.

### 3. Tertiary Industry

In 1993, the provincial party committee and government formulated a series of specific policy measures for the great development of the tertiary industry and added impetus to reform, thus notably accelerating the tertiary industry. The annual added value of the tertiary industry was 66.2 billion yuan, up 32.5 percent from the preceding year, and its proportion to the gross domestic product rose from 22.6 percent in the preceding year to 24.5 percent, up 1.9 percentage points.

Conditions for transportation improved notably. In 1993, Shandong intensified construction of basic transportation facilities, thus improving the transportation capacity and increasing the cargo and passenger transportation volumes. Road mileage increased by 2,899 km to reach 46,033 km by the end of the year, of which 30,685 km were roads with high-grade and second high-grade surface, which ranked among the best in the

country. The volume of cargo transported through roads totaled 408,20 million tonnes, up 8.22 percent, and the volume of passengers transported through roads was 297 million persons, the same as in the preceding year. The volume of cargo loaded and unloaded by ports totaled 76.28 million tonnes, up 12.5 percent from the preceding year, which was another best record.

Aviation developed rapidly. By the end of 1993, Shandong had opened 70 air routes to 65 cities. The annual volume of cargo and mails transported by air rose by 40.05 percent, and that of passengers rose by 49.2 percent.

The development of post and telecommunications undertakings was noticeably accelerated, with business volume in 1993 totalling 2.75 billion yuan, up 76.2 percent. There were 33,300 long-distance circuits, up 80.8 percent over the previous year. The year-end capacity of long-distance automatic switchboards reached 52,000 channels, up 69 percent over the previous year. Domestic long-distance telephone direct dialing service opened in 101 prefectures, cities and counties across the province. Of this, 73 cities and counties had international long-distance telephone direct dialing services. The year-end capacity of urban telephone switchboards reached 1.037 million channels, up 45.2 percent over the previous year, of which 880,000 channels were program-controlled urban telephone switchboards, up 73.6 percent. The capacity of rural telephone switchboards reached 712,000 channels, up 72.8 percent.

The domestic markets were brisk and the sales of commodities increased quite rapidly. In 1993, the circulation sphere paid attention to the favorable opportunity of economic development to actively develop and cultivate the markets and expanded the sales of commodities. The retail sales of social commodities during the year totalled 99.38 billion yuan, up 24.8 percent over the previous year, showing an increase of 12.7 percent if the rise of commodity prices was factored in. The retail sales of consumer goods totalled 84.23 billion yuan, up 28.9 percent, of which, 76.39 billion yuan worth of consumer goods were sold to residents, up 29.1 percent; and the retail sales of agricultural means of production reached 15.16 billion yuan, up 5.8 percent. Of the retail sales of consumer goods, 57.58 billion yuan worth of consumer goods were sold at the urban markets, up 32.0 percent while sales at the rural markets were 26.64 billion yuan, up 22.7 percent.

An overall increase was registered in retail sales of commodities by commercial units of all economic forms, and the proportion of retail sales of commodities by individual units and peasants also rose. In 1993, the sales of state-owned retail units amounted to 37.21 billion yuan, up 19.7 percent over the previous year; the sales of the collective retail enterprises reached 33.55 billion yuan, up 18 percent; the sales of individual retail units reached 21.63 billion yuan, up 39.7 percent and its proportion rose from 19.4 percent in the previous year to

21.8 percent; farm sales to non-agricultural residents reached 6.62 billion yuan, up 49.9 percent and its proportion rose from 5.5 percent to 6.7 percent.

Retail sales of all kinds of consumer goods increased comprehensively and rapidly. In 1993, the retail sales of food products increased 27.6 percent, clothing, 27.9 percent, and daily necessities, 33.1 percent. Analyzed by the sales of consumer goods, of the food products, the sales of grain declined by 1.3 percent and the sales of edible cereal oil increased 1.4 percent. Among clothing items, the sales of all sorts of cloth declined by 13 percent, the sales of knitted goods rose by 9.9 percent, and the sales of other garments rose by 8.3 percent; and the sales of durable consumer goods all registered growth to varying degrees. The sales of color television sets increased 32.1 percent, cassette recorders, 12.1 percent, video recorders, 14.2 percent, cameras, 28.5 percent, washing machines, 43.7 percent, and refrigerators, 25.1 percent.

The urban and rural markets were brisk. In 1993, Shandong Province invested 3.4 billion yuan in building country fairs, up 21.2 percent over the previous year. The transactions at the country fairs totalled 55.29 billion yuan, up 82.3 percent. Of this, the transactions on the urban country fairs reached 30.7 billion yuan, up 110 percent, and that of rural country fairs, 24.59 billion yuan, up 55.9 percent.

The purchase and marketing at the markets of the means of production were brisk. The materials supply departments across the province purchased 54.305 billion yuan worth of all kinds of means of production, up 24.14 percent over the previous year, and marketed 57.059 billion worth of all kinds of means of production, up 24 percent.

The market system was well developed, and 825 networks of various kinds and 638 country fairs were built. By the end of the year, Shandong Province built 8,100 tangible markets, ranking first in China. Of these markets, 1,100 were wholesale markets and 230 were markets of the means of production. The banking markets became brisk every day and established interlending loan relations with 26 provinces and cities across the province and more than 100 large and medium-sized cities. Shandong Province developed more than 130 stock organs, 14 of which established ties with stock exchange centers in Shanghai and Shenzhen. There were 61 personnel markets in the province. Technology, real estate, and cultural markets were further developed.

New breakthroughs were won in foreign economic relations and trade, exports developed substantially, and economic efficiency notably improved. Shandong's 1993 imports and exports totaled \$7.416 billion, up 33.6 percent from the preceding year; of which exports totaled \$5.976 billion, up 27.1 percent. In the total volume of exports, local trade exports totaled \$5.126 billion, up 44.2 percent, of which \$2.102 billion were exports by the "three types of foreign-funded enterprises," an increase

of 153 percent and accounting for 35.2 percent of the total exports. The cost of foreign exchange earning declined, and the long period of deficits of foreign trade enterprises was further changed.

The investment climate notably improved, and the foreign capital we used showed a substantial increase. Shandong approved 8,012 projects using foreign capital, with the promised amount of foreign capital totaling \$7.55 billion, and the amount of foreign capital we actually used was \$2.26 billion, an increase of 72.3, 59.9, and 64.2 percent, respectively, over the preceding year. Of these projects, 7,229 were the three types of foreign-funded enterprises, which promised \$7.05 billion foreign investment, and the amount actually made was \$1.84 billion, up 75.9, 79.8, and 89.4 percent, respectively. Among the newly approved three types of foreign-funded enterprises, 1,305 were exclusively invested by foreign firms, up 867. A total of 123 foreign loan contracts worth \$326 million were signed, and the amount actually used was \$347 million.

Foreign economic and technological cooperation made new headway. Shandong signed 299 contracts worth \$202 million on construction projects and labor service cooperation abroad, up 55.7 and 131 percent, respectively, from the preceding year. Approval was given to establishment of 106 enterprises overseas, and the investment made overseas was \$26.17 million, thus enabling Shandong's enterprises to make a new step toward the world.

International tourism developed even more vigorously. In 1993, Shandong received 284,000 tourists from foreign countries and Hong Kong, Macao, and Taiwan who came for sight-seeing, visits, and economic and trade exchanges, an increase of 17.8 percent. Of the total, 144,700 were foreigners, up 13.8 percent; 5,182 were Overseas Chinese, showing a decline; 70,500 were Hong Kong and Macao compatriots, up 18.1 percent; and 64,000 were Taiwan compatriots, up 36.7 percent. Foreign exchange earned from tourism totaled 395 million yuan (foreign exchange certificates in renminbi), up 16.5 percent from the preceding year.

The budget was implemented successfully, and a balance with some surplus was achieved. Shandong's 1993 revenue was 19.443 billion yuan, accounting for 127.3 percent of the budget and registering an increase of 38.8 percent over the preceding year; and its expenditure was 18.846 billion yuan, accounting for 100.5 percent of the budget. Excluding Qingdao city, whose financial plan was directly listed in state plan, Shandong's revenue was 15.425 billion yuan, accounting for 125.4 percent of the budget and increasing by 37.8 percent; and its expenditure was 16.668 billion yuan, accounting for 100.5 percent of the budget. Expenses on key areas, such as agriculture, education, and science and technology, exceeded the budgeted amounts by 17.5, 25.1, and 17.7 percent, respectively. Overall calculation showed a surplus of 23.77 million yuan, which enabled Shandong to



register a financial balance for the seventh year in a row and to play an important role in facilitating economic development and reform.

The monetary situation was fairly stable. By the end of 1993, savings deposits totaled 182.197 billion yuan, an increase of 35.98 billion yuan from the figures registered at the beginning of the year, and loans totaled 207.694 billion yuan, an increase of 35.61 billion yuan. Credit was restructured, with loans for fixed assets and agriculture increasing by a large margin and those for circulating funds declining. The annual cash income of banks totaled 354.162 billion yuan, up 50.9 percent from the preceding year, and their cash expenditure totaled 359.979 billion yuan, up 49.6 percent. This made the net amount of currency put into circulation total 6.567 billion yuan, an increase of 512 million yuan over the preceding year.

Progress was made in the insurance business. In 1993, the premium for insurance undertaken by the province totaled 460 billion yuan, an increase of 12 percent. Some 28,000 enterprises participated in enterprise property insurance, 5 million households participated in household property insurance, and 12 million persons took part in life insurance programs. The income from domestic and foreign insurance services totaled 3.285 billion yuan, an increase of 20.2 percent; and the expenditure on domestic and foreign insurance services totaled 1.987 billion yuan, an increase of 49.6 percent. Of this, 1.308 billion yuan were paid out for domestic property insurance, 390 million yuan were paid out for life insurance, and \$13,400 million were paid out for foreign business.

New headway was made in science and technology. In 1993, the province made 2,858 key scientific and technological findings. Of this, 372 attained the international advanced levels, 1,745 attained the domestic advanced levels, 30 won the state scientific and technological progress awards, 17 won the state invention awards, and 456 won the provincial scientific and technological progress awards. By the end of the year, there were 415 state-owned independent scientific research and development organizations at or above the county level and 4,080 civilian-run scientific and technological enterprises in the province.

The province made noticeable achievements in rejuvenating agriculture with science and technology. In 1993, 120 county-level governments were installed with deputy county (city and district) heads in charge of scientific and technological work, 75 percent of the towns and townships were installed with deputy town and township heads in charge of scientific and technological work, and 50 percent of administrative villages were installed with directors in charge of scientific and technological work. The province accomplished 675 "spark" planning projects at or above the provincial level. By accomplishing these projects, 4.78 billion yuan of output value were newly added, 950 million yuan of profits and taxes

were created, \$306 million foreign exchange were created and saved, 300,000 technological managers were trained for the rural areas, and the province won 13 state "spark" awards and 88 provincial-level "spark" awards.

Technology markets tended to become vigorous and the pace of commercializing technological findings was accelerated. By the end of 1993, there were 5,000 technology trade organizations of various categories with an employment of 57,000 persons. Of this, more than 56.9 percent were science professionals and technicians. A total of 20,639 technology contracts were signed with 1.04 billion yuan involved.

Patent work rapidly developed. In 1993, the province handled 4,691 applications for patent rights and 4,019 were approved, an increase of 5.5 percent and 90.6 percent over the previous year. A total of 2,108 patent rights were popularized within the year, 5.823 billion yuan of output value were created, 877 million yuan of profits and taxes were created, and \$421 million foreign exchange were created and saved.

Large and medium-sized industrial enterprises made new progress in technological development. Fifty percent of the province's large and medium-sized industrial enterprises set up special technological development organizations and more than 60,000 persons were engaged in technological development. Nearly 6,000 technological development projects were accomplished or continued.

The new high-tech industries developed in a sustained and fast manner. By the end of 1993, the overall plans for nine development zones at or above the provincial level covered 816,000 square kilometers, the construction investment reached 10.077 billion yuan, and 1,966,000 square meters of areas were completed. So far, 4,668 enterprises have been set up in the new high-tech development zones. Of them, 161 new high-tech enterprises were acknowledged by the provincial scientific and technological commission. In 1993, development zones developed more than 400 new high-tech products, realized 7.23 billion yuan of output value, and created 610 million yuan of profits and taxes. The province has acknowledged 99 new high-tech industrial production centers and accomplished 223 projects covered in the spark plan. Of this, 29 were state-level projects with an investment of 1.33 billion yuan. Upon the completion of these projects, 6.56 billion yuan of output value and 2 billion yuan of profits and taxes will newly be added and \$720 million foreign exchange will be created and saved.

Lateral economic cooperation developed rapidly. A total of 7,470 joint and cooperation items were reached. Of this, 5,817 were really developed. The total investment in these projects was planned to be 4.42 billion, 1.835 billion yuan of capital were brought in, 2,456 technologies were imported, 11,125 skilled persons were introduced, and the cooperation items on 12.82 billion yuan worth of materials were reached.

The work and technological level of meteorology, geology, mapping, and standard measurement continued to improve. Meteorological departments forecast all kinds of natural calamities in a relatively correct and timely manner and provided service for production and lives, thus achieving marked economic and social results. In 1993, geological departments verified eight kinds of solid minerals, one kind of groundwater, and one kind of hot spring. These departments also discovered three important mineral deposits (gold deposits), submitted 37 geological reports, and completed a total drilling of 59,675 meters. Mapping departments surveyed and drew 1,692 maps of various scales, drew 572 new maps, completed aerial photography on 615.6 square kilometers, provided the society with 16,432 maps of various scales, 484 wall maps, 1,294 aerial pictures, and 1,521 land survey results. Technological and supervisory departments meted out 18 provincial-level standards and checked and accepted 242 standards in line with the international norms, of which, 49 attained the advanced international level. In 1993, the province set up 151 new measurement standards, completed measurement attestation for 96 units, formulated five regulations for examining local measurements, obtained 491 industrial product production certificates, and conducted regular supervision and examination for 62,803 products (commodities), with 70.4 percent of products attaining standards. In 1993, the state conducted spot survey of 537 products, and 73.74 percent of products were found up to standard. Meanwhile, the province conducted spot check for 1,102 products, and 70.4 percent were found up to standards, both showing an increase over the previous year.

New progress was made in environmental protection. By the end of 1993, the province's environmental protection system owned 148 environment monitoring stations, of which, 128 were the stations of the county level. The province set up 194 smoke control zones, with a total area of 799 square kilometers, in 41 cities, and set up 117 noise control zones, with a total area of 339 square kilometers, in 38 cities.

Educational system positively explored the way of running schools in line with social demand. Educational departments set up new disciplines and specialties in line with the demands of market economy and opening up, positively trained and provided professional workers engaged in diverse disciplines for the construction at various levels, and enabled universities, colleges, and specialized schools to increase their enrollment capacity rapidly.

Ordinary higher education developed rapidly in the course of readjustment. In 1993, institutions of higher learning in the province enrolled a total of 1,171 graduate students, up by 52.1 percent over 1992, with the total body of graduate students reaching 2,632 persons, up by 24.5 percent. Meanwhile, these institutions enrolled 57,900 students, up by 0.9 percent over 1992, with the total student body reaching 151,800 persons, up by 17 percent.

Secondary education developed steadily. In 1993, there were 1,094 vocational and technical schools in the province, and 660,200 students were studying in these schools. The proportion of these schools in the total number of students at the stage of senior middle schools rose from 54.4 percent in 1992 to 56.4 percent. The students attending senior middle schools increased by 20,500 persons, up by 4.2 percent. The students attending junior middle schools increased by 107,400 persons, up by 3.2 percent.

On the basis of making primary education basically universal, teaching quality of primary schools improved further. In 1993, there were 8,535,700 pupils in primary schools. The enrollment rate of primary-school-age children was 98.6 percent, up by 0.6 percentage points. Pre-school education also developed rapidly. In 1993, there were 2,622,500 children in kindergartens, up by 1.5 percent over 1992. The student body of special education schools was 12,300 persons, up by 5.3 percent.

Adult education networks of various categories took shape. In 1993, adult colleges and universities enrolled 71,200 undergraduates and students in special courses, an increase of 45.1 percent; and the enrollment totaled 149,300, an increase of 42.2 percent. The enrollment in adult secondary specialized schools was 160,200, an increase of 51.4 percent.

Cultural and literary and artistic undertakings were prosperous. In 1993, there were 9,568 film projection units of various categories; 170 new films were projected; and there were 119 art ensembles, 126 public libraries, 157 cultural and artistic centers, and 173 archives; and there were a collection of 5.3 million books. There were 77 radio stations and 30 short- and medium-wave radio transmitters and relay stations. There were 52 television stations and 79 television transmitters and relay stations with a capacity of over one kilowatt each. The province's radio stations broadcasted an average of 685 hours and 42 minutes every day and the television stations broadcasted an average of 2,260 hours and 47 minutes each week. The radio and television population coverage rates reached 86 percent and 85.2 percent, respectively. A total of 356,398,200 copies of 2,894 books, 54,331 million copies of 185 magazines, and 963,640,000 copies of 69 newspapers were published during the year. The public health undertakings continued to develop and the medical conditions were further improved. In 1993, the province had 2,968 hospitals of various kinds, an increase of 44 over the previous year; and 177,000 sickbeds, an increase of 6,111. There were 327,300 medical technicians of various categories, an increase of 3.51 percent. Of this, there were 110,500 doctors, an increase of 4.54 percent. The traditional Chinese medical undertaking developed at a faster speed. The increase rates of the traditional Chinese medical organizations, traditional Chinese medical hospitals' sickbeds, and their working personnel surpassed 5 percent. Great achievements were made in



prevention and health work. Despite the serious disasters, the rate of infectious and contagious incidence decreased noticeably.

Sports also had great achievements. In 1993, an athlete created a world record, 13 athletes broke 16 Asian records on 17 occasions, and 10 athletes broke 12 national records on 12 occasions. At the key domestic and foreign games, the province captured five world championships, 14 Asian championships, and 46 national championships. Another 7,842,000 persons attained the "state sports training standards" and 51 counties were listed as the national sports advanced counties.

#### 4. Investment in Fixed Assets

Investment in fixed assets continued in a sustained manner. The investment in fixed assets of society reached 87.155 billion yuan, an increase of 44.9 percent. Of this, 72.346 billion yuan went to the local units, an increase of 46.6 percent. Of the investment in fixed assets, 50.652 billion yuan went to the state units, an increase of 47.6 percent. Of this, the investment in capital construction reached 25.802 billion yuan, an increase of 47.7 percent. The investment in technological transformation and equipment renewal totaled 13.492 billion yuan, an increase of 57.2 percent; the collective investment was 25.986 billion yuan, an increase of 39.4 percent; and the individual investment was 10.517 billion yuan, an increase of 46.3 percent.

The investment structure was further optimized. The tertiary industry was strengthened. Of the investment in the state-owned enterprises, 23.977 billion yuan went to the tertiary industry, an increase of 66.5 percent. The proportion of the investment in tertiary industry rose from 42 percent in 1992 to 47.3 percent. Of this, the 6.068 billion yuan went to communications, transportation, postal and telecommunications trades, an increase of 40.4 percent; 2.698 billion yuan went to commercial and catering service trades, an increase of 81.2 percent; and 9.777 billion yuan went to real estate and public service trades, an increase of 99 percent.

The construction of key projects was under smooth progress. A total of 8.94 billion yuan were invested in 59 on-going large and medium-sized capital construction projects, fulfilling the annual plan by 97.5 percent. Four of them were completed and went into operation.

The technical renovations of enterprises were accelerated. The investments made in renewal and renovations by the state-owned units in 1993 were accelerated. The increased scale of investments in this regard surpassed that of capital construction by 9.5 percentage points. Of these investments, those made in saving energy resources, increasing the variety of products, improving the products' quality, and handling three wastes reached 3.79 billion yuan and showed a 50 percent increase over 1992; and those made in rebuilding the out-dated houses reached 5.823 billion yuan and showed a 46.2 percent increase over 1992.

The construction of marketable houses was accelerated. The investment made by the province in building marketable houses in 1993 reached 6.905 billion yuan and showed an 84.2 percent increase over 1992. The acreage of completely-built houses reached 7.379 million square meters and showed a 48.2 percent increase over 1992. Of this investment, that made in building marketable residential houses reached 4.82 billion yuan and showed a 103-percent increase over 1992. The acreage of completely built residential houses reached 5.842 million square meters and showed a 37.4 percent increase over 1992.

#### 5. Markets and Commodity Prices

The province accelerated the price reform in 1993, readjusted the prices of a number of farm and sideline products and of basic industrial products, and relaxed the price restrictions on the overwhelming majority of products. The general level of retail prices rose on a larger scale. The 1993 general level of social retail prices showed a 10.7 percent increase over 1992 thanks to the improvement of macro environment, the sufficient supply of goods, and the basic stability in the consumers' feeling. Of this increase, that of urban areas was 12.3 percent and that of rural areas was 9.1 percent. Increased scales in the prices of eight major consumer goods, the means of agricultural production, and of service trades, are as follows (%):

	Province	Urban Areas	Rural Areas
Foodstuffs	9.9	12.8	7.2
Clothes	8.6	12.1	5.3
Daily commodities	6.4	8.2	4.7
Culture and recreation goods	0.5	1.8	-0.7
Newspaper and periodicals	16.3	13.3	19.1
Medicine and medical goods	7.7	7.7	7.7
Building and decoration materials	17.4	17.7	17.2
Fuel	50.0	65.0	35.5
Means of agricultural production	11.6	—	11.6
Service trades	30.8	35.4	26.4

The prices of trade fairs in the year showed a 5.9 percent increase over 1992. The prices of residents' living expenses showed a 12.7 percent increase over 1992. Of this increase, that in urban residents' expenses was 14.6 percent and that in rural residents' expenses was 10.7 percent. The prices of purchasing farm and sideline products showed an 11 percent increase over 1992 and

those of industrial products, which were first fixed by plants, showed a 23 percent increase over 1992.

#### 6. People's Lives and Population

The income of both urban and rural residents showed a steady increase. The province's per capita living income of urban areas in 1993 reached 2,338 yuan and showed a 27.3 percent increase over 1992 and an 11.1 percent increase excluding the factor of price hikes. The per peasant net income reached 952.74 yuan and showed an 18.7 percent increase over 1992 and a 6.1 percent increase excluding the factor of price hikes.

The practical living standard of both urban and rural residents was further upgraded and the housing conditions continued to be improved. The province's per capita consumer expense of urban areas reached 1,923.42 yuan and showed a 20.4 percent increase over 1992. The per peasant living expense reached 724.5 yuan and showed a 10.5 percent increase over 1992. The increase of urban residents' consumer expenses was basically equal to that of their incomes. However, the increase of rural residents' consumer expenses was lower than that of their incomes. The per capita housing acreage of urban areas reached 9.7 square meters and that of rural areas reached 20.65 square meters. The housing quality was generally upgraded.

Urban and rural people's durable consumer goods increased continuously. The numbers of durable goods in every 100 urban and rural households were as follows:

	Urban Areas	Rural Areas
Television Sets	115	83.23
Of which: Color sets	82	13.9
Cassette Recorders	83	22.48
Household Refrigerators	75	4.05
Washing Machines	85	9.00
Electric Fans	176	92.26
Sewing Machines	73	74.62
Cameras	26.5	1.31

The contingent of staff members and workers was expanded, and their wages raised. By the end of 1993, Shandong's staff members and workers totaled 8.519 million, increasing by 141,000 over the preceding year, of whom, 6.151 million were staff members and workers of state-owned units, increasing by 111,000. Among the staff members and workers of state-owned units, 1.737 million were contractors, up 128,000, and their proportion to the total staff members and workers of state-owned units rose from 26.6 percent in the preceding year to 28.2 percent. The total wage bill was 26 billion yuan, up 21.3 percent, and the average wage was 3,050 yuan, up 17.3 percent.

Urban and rural people's savings deposits increased substantially. Their savings deposits totaled 111.824 billion yuan by the end of the year, an increase of 23.407 billion yuan over the figure registered at the beginning of the year. Of the total, urban people's savings came to 79.73 billion yuan, an increase of 19.091 billion yuan, and rural people's savings 32.094 billion yuan, an increase of 4.316 billion yuan.

Social welfare continued to develop. Social welfare institutions totaled 4,640 by the end of the year, and they housed 85,000 persons. Social security foundations increased to 29,133, and the coverage of social security networks reached 89.5 percent. In the year, 130.27 million yuan of disaster relief and aid-the-poor funds were allocated to support 501,000 households, of which 159,000 households shook off poverty. Social welfare enterprises totaled 4,012 in the province, which placed 66,000 handicapped people and achieved 7.03 billion yuan in output value, registering a substantial increase over the preceding years.

Family planning yielded good results, and a low population growth rate was attained. In 1993, party committees and governments at all levels intensified family planning measures, brought population growth under strict control, and thus achieved notable results. According to sample surveys on population changes, the 1993 birth rate was 10.47 per thousand, mortality rate 6.76 per thousand, and natural population growth was 3.71 per thousand. Calculated on this basis, the year-end population of the province was 86.423 million.

Notes: 1. The gross domestic product, added value, and output value listed in this communique were calculated based on the prices of the year, and growth rates, except for the total product of rural areas, were calculated in terms of comparable prices.

2. Figures listed in this communique were all preliminary statistics.

#### Zhejiang's Li Zemin on Grain Production

OW1802053594 Hangzhou ZHEJIANG RIBAO in Chinese 5 Feb 94 pp 1, 2

[Unattributed report: "Provincial Party Committee and Government Call Grain Work Conference To Propose Ensuring Production of Agricultural Produce Including Grain, Edible Oil, and Meat; and Maintaining a Balance Between Overall Supply and Demand, and Market Stability"]

[Text] On 3 February, the Zhejiang provincial CPC committee and government called a provincial work conference on grain. Participants earnestly implemented the guidelines laid down at the national work conference on the "vegetable basket," grain, cotton, and edible oil; analyzed the current situation by taking our province's reality into consideration; unified thinking; and studied ways to enhance macroeconomic regulation and control under the conditions of a market economy, to further



deepen reform and improve the system of grain procurement and marketing, to protect and mobilize the enthusiasm of farmers for production, and to ensure a balance in the overall supply and demand of staple agricultural products including grain, edible oil, meat, and vegetables and market stability. Participants also advanced opinions and measures on ensuring the supply of vegetables and farm sideline products for urban and rural citizens. Li Zemin, secretary of the provincial CPC committee, and Wan Xueyan, deputy secretary of the provincial CPC committee and provincial governor, spoke at the meeting. Liu Xirong, member of the standing committee of the provincial CPC committee and vice governor, transmitted the guidelines laid down at the national work conference on the "vegetable basket." Chai Songyue, deputy secretary of the provincial CPC committee and vice governor, presided over the meeting. Liu Feng and Lu Zhanggong, deputy secretaries of the provincial CPC committee; Wang Qichao, member of the standing committee of the provincial CPC committee and secretary of the provincial commission for discipline inspection; Li Jinming, Xu Yunhong, and Zhang Youyu, members of the standing committee of the provincial CPC committee; and responsible comrades from the provincial people's congress and provincial CPPCC [Chinese People's Political Consultative Conference], attended the meeting.

Li Zemin pointed out: Under the current conditions of developing a socialist market economy, reaching a common understanding over agriculture, particularly over the grain situation, is an issue of primary importance. Only by reaching a common understanding can we possibly adopt concrete and effective measures to deal with the new situation and problems that have emerged in the current grain production and distribution. It is necessary to fully affirm that the provincial CPC committee and government have made the correct decision to decontrol grain prices and to develop "high-yield, high-quality, and high-efficient" farming, and that their direction of reform is correct. At the same time, we should be aware of the new situation and problems in the current grain production and distribution. Seen from the development trend, some of the problems are quite serious and worrisome. To be sure, there are rational grounds for readjusting and reducing grain planting acreage. What worries us is that this trend continues to develop and expand. If grain planting acreage continues to shrink on a large scale this year, it will surely have a great impact, and produce serious consequences for maintaining a balance between grain supply and demand in our province. Weakened efforts and negligence in farming can be observed in the following: A large number of rice fields have been diverted for other use; agriculture has received insufficient investment; policies and technology to support grain production have failed to fall into place; and instability has grown among personnel involved in agricultural technology and management. These are ominous signs for agriculture, particularly for grain production stability. Therefore,

leaders at various levels need to reach a common understanding and to unify thinking in the following areas.

First, as the grain problem concerns the overall situation, we cannot afford to make light of it at any time. People rely on food to live. The grain issue concerns the national economy and the people's livelihood. Comrade Xiaoping warned us long ago that if any problems were to arise in the 1990's they would most likely occur in agriculture. In view of present conditions, it is of particular and important significance to recall Comrade Xiaoping's warning. Reform and development require stability. Agricultural stability, particularly grain production stability, directly affect economic and social stability. Increasing agricultural products' effective supply, doing a good job in grain work and on the "vegetable basket" project, and stabilizing food prices will create a good environment for our reform and development as well as for a good material foundation to solve various social contradictions. Our party and government leaders at all levels must fully recognize the importance of, and sense of urgency in doing a good job in grain work; attach a high degree of importance to the new situation and problems in the current grain production; and adopt concrete measures to solve them in a down-to-earth manner.

Second, it is necessary to adhere to the policy of "basically seeking self-sufficiency in grain production and regulating the grain surplus and shortage" to solve the issue in Zhejiang. Practice over the years has proved that the above policy is in accord with Zhejiang's reality. Despite the recent lifting of control on grain procurement, marketing, and prices, and the development of a socialist market economy, we should still unwaveringly persist in the aforementioned policy. Historically, Zhejiang has been one of the provinces basically self-sufficient in grain. Although population increases and dwindling arable land in recent years have left a certain gap in grain supply and demand, Zhejiang has been able to basically maintain self-sufficiency. Our province has a huge population with limited arable land; it is frequently hit by natural disasters. The fact that Zhejiang's processing industry and export trade greatly depend on agriculture makes it even more necessary for our province to seek basic self-sufficiency in grain. Therefore, it is hoped that people across the province will form a consensus on this point.

Third, it is necessary to correctly handle the relationship between regions and the entire province, and help form a concept that the entire province is an organic whole. Maintaining a balance in overall grain supply and demand helps maintain the overall situation of the entire province. By balance, we do not mean just achieving a balance in specific regions, but a balance encompassing the entire province. Differences in natural and geographical conditions objectively help shape a pattern that divides regions into grain-producing and consumption regions. For a long time, grain-producing zones have made great contributions to ensuring the supply of grain in the province. We still want to emphasize the need for

major grain-producing regions to take the interests of the entire province into consideration and continue to undertake the task of supplying commodity grain. Of course, the province will attach great importance to protecting the benefits of grain-producing regions, give them support in terms of policy, funds, and materials, call on other trades and industries to support agriculture, and try its best to encourage the enthusiasm of farmers to grow grain. At the same time, efforts should be made to readjust regional interests and interests between urban and rural areas as well as to foster a closer link between production and marketing.

Fourth, it is necessary to maintain the direction of reform and to devote efforts to deepen reform and improve reform measures. The province's fundamental purpose and point of departure for implementing the reform measure of decontrolling grain procurement and marketing prices last year, was to try every possible means to help farmers increase their income, which was made the basic guiding thought for rural work. We must be firm in belief and never waver from following the correct direction of rural reform. Reform itself did not bring forth the current crop of problems. Those problems are, generally speaking, ones met in the course of progress. The major cause of those problems lays in the failure to devise an adequate number of supplementary reform measures and is due to the delay in working out macroeconomic regulation and control measures. Enhancing macroeconomic regulation and control is not only indispensable for developing a socialist market economy but also important in deepening the current reform and improving reform measures. Enhancing macroeconomic regulation and control must be built on the foundation of respecting the law of value. To deal with and solve problems, we rely on economic policy and economic methods as much as possible. But under the present situation, in addition to adopting economic means, we need to rely on our political superiority and to bring this superiority into play, as well as on adopting some necessary administrative methods.

Li Zemin said: The national work conference on the "vegetable basket" project, grain, cotton, and edible oil held by the State Council is of great guiding significance to our efforts in this year's agricultural production, and in planning the people's life in urban and rural areas centered on the overall situation of reform, development, and stability. We must correctly understand and conscientiously carry out the guidelines of the CPC Central Committee. To carry out the CPC Central Committee guidelines, our leading cadres at all levels must understand the guiding ideology in light of Zhejiang's actual situation and the implementation of the various tasks put forward by last year's rural work conference convened by the provincial party committee. We must systematically study new situations and problems in production, circulation, consumption, and other fields, deepen our understanding, and work out tasks and policies for strengthening microeconomic regulation and control.

First, we should make prompt and solid efforts from now on. At present, all tasks are heavy and the farming season is approaching. We must do our job ahead of the season. It is the crucial moment right now and we must take prompt initiative as early as possible. As long as we do a careful and solid job, we will finish our work in time. We must see to it that the tasks and policies are carried out around the Spring Festival so as to help peasants strengthen the management of spring crops and plant enough early rice.

Second, we must concentrate our efforts on production and increase total production steadily. Our top priority is to make sure there is enough acreage of early rice, stop the trend of planting single-season rice in a vast area, and stabilize multiple crop indices. We must adhere to the triple cropping system because it tallies with the actual situation in Zhejiang, a province with a large population and limited land, as well as reflects Zhejiang's strong points in agriculture, especially in the production of grain and edible oil. Of course, we must vigorously explore new ways to implement the triple cropping system in line with local conditions. We must pay close attention to grain production and strive to stabilize the production of some important agricultural products such as cotton, vegetables, and pigs. We must develop new ways of thinking while promoting production. While providing guidance for tens of thousands households in developing production, we should pay even more attention to major households, production bases, and large-scale management. This should be the direction of our agriculture, in which our policy should provide preferential treatment.

Third, we should solve current problems in light of establishing scientific and rational mechanisms, and promoting long-term development. To stabilize the current production and market supply, it is necessary to take some interim measures. However, these measures should be commensurate with long-term development, and the establishment and perfection of operationally flexible and effective mechanisms for macroeconomic regulation and control so that they can help establish a socialist market economic structure. We should focus attention on the establishment of a risk fund and storage system for grain and other major agricultural products and should draw up specific procedures for implementation. In circulation, we should continue to give full play to the role of grain, commercial, and supply and marketing departments as the major channels for circulation, but should gradually separate policy-oriented operations from business operations under two different systems. Moreover, we should further cultivate and develop markets, and strengthen the management and supervision of agricultural product markets.

Fourth, we should make determined efforts to increase investment in agriculture according to the principle of "first ensuring enough food, and second, guaranteeing construction." Now, while arranging budgets and utilizing credits, governments at all levels must guarantee the people have enough food; they must adopt policies



favorable to grain production and the "vegetable basket" project, and ensure this major task even at the expense of cutting back spending in other areas.

Fifth, to maintain a basic balance between overall supply and demand, and inject vitality into the province's work as a whole, we should have clearly defined responsibilities and powers, introduce a system of responsibility, and assign macro-control and administrative responsibility to various levels.

Li Zemin stressed: Party committees and government at all levels must pay great attention, and top leaders must assume overall charge and become personally involved—herein lies the key to the success of work related to grain and vegetable production. Members of the party committees or government must, first of all, unify their thinking and enhance their sense of responsibility. Instead of merely relaying the assignments and policy measures issued by the State Council, the provincial party committee, and provincial government, the cities, prefectures, and counties must, in light of their respective realities, take firm, immediate action to implement them. They should take organizational steps by establishing a system of responsibility. The principal leaders of the provincial government shall take charge at the provincial level while the top leaders shall assume overall charge in their respective cities, prefectures, or counties. Local party committees must also conscientiously exercise supervision to ensure success. The provincial party committee and government are stressing once again: In pursuant of a directive from the central authorities, party committees and government of the prefectures, counties, townships, and villages must devote their main energy to agriculture and rural work. In the future, agricultural development and increases in peasant income will be given greater emphasis in evaluating the performance of a locality or a leading cadre. It is necessary to introduce some tangible, measurable targets and introduce a system of responsibility to ensure their implementation at different levels. Village and township cadres and agrotechnicians should be treated equally with others when it comes to recognition and material benefits, so that they will feel respected politically and not disadvantaged economically. It is necessary to change the style of work, go deep among the grass roots, and provide specific guidance. Leading comrades at all levels should go deep down, hear directly what the grass roots have to say and different views from various quarters, and have a good grasp of the real situation. A pressing matter of the moment is to make thorough and meticulous arrangements for the production of early rice. While intensifying ideological education and providing guidance, we should adopt economic, legal, or administrative measures to prevent land from being used for single cropping of rice. We should conscientiously publicize and implement the "Implementation Procedures of Zhejiang Province for Land Administration" amended and promulgated recently by the standing committee of the provincial people's congress, and firmly prevent farmlands from being left idle and

unattended or illegally used for other purposes. All levels should assign one or more villages to a cadre whose job is to help the peasants prepare for and carry out spring farming. We should organize all trades and professions to provide support and better services for agriculture. Government departments must—while transforming their functions—continue to give top priority to agriculture; they must not think of only their own interests and therefore ignore providing support to agriculture. The provincial party committee and government have instructed all relevant departments to conduct a review of aid-agriculture work, firmly establish the idea of "three agricultures" [san nong si xiang 0005 6593 1835 1927], and provide good services in a down-to-earth manner. We should correctly guide public opinion and do a good job in publicity and providing guidance. Newspapers, radio, and television stations, and other media units should publicize party committee and government's plans by providing positive examples. Their coverage of stories related to grain, cotton, edible oil, and the "vegetable basket" should be helpful in reassuring the urban residents and in mobilizing the peasants' enthusiasm for production. We should, by way of fostering positive public opinion and propaganda, guide the vast number of cadres and people to contribute to promoting production and stabilizing the market and society.

At the end of the meeting, Wan Xueyuan emphasized: We must earnestly relay and implement guidelines of the national conference on the "vegetable basket" and grain, cotton, and edible oil, and the provincial conference on grain. In consideration of the seasonal nature of agriculture, we must seize the opportune moment. First of all, we should unify our thinking, be fully aware of the importance of vegetables, grain, and edible oil, positively grasp and implement the guidelines of the central and provincial meetings, and pay attention to linking up new guidelines with relevant policies adopted in the past. We should send cadres to help the grass roots implement policies, conduct research, and sum up and publicize the experience of advanced units in order to advance this work on a larger scale.

Present at the meeting were secretaries of the city and prefectural CPC committees, mayors, prefectural commissioners; party secretaries, mayors or heads of 29 major grain producing counties (cities); and officials of relevant provincial departments.

#### **Zhejiang Land Administration Measures**

*OW0103152994 Hangzhou ZHEJIANG RIBAO in Chinese 2 Feb 94 p 5*

["The Implementation Measures on Land Administration of Zhejiang Province" Were Adopted at the 23rd Session of the Standing Committee of the Sixth Zhejiang Provincial People's Congress on 20 January 1987; the First Amendment Was Made in Accordance With the "Decisions on Amending the "Implementation Measures on Land Administration of Zhejiang Province""

adopted at the Eighth Session of the Standing Committee of the Seventh Zhejiang Provincial People's Congress on 12 March 1989; the Second Amendment was made in accordance with the 'Decisions on Amending the "Implementation Measures on Land Administration of Zhejiang Province"' Adopted at the Eighth Session of the Standing Committee of the Eighth Zhejiang Provincial People's Congress on 29 January 1994"]

[Text]

### Chapter I. General Principles

Article 1. These implementation measures are formulated in accordance with the "Land Administration Law of the People's Republic of China," and in light of the practical situation in Zhejiang Province.

Article 2. Land is a valuable resource of the state. The land in Zhejiang Province, which has a large population but limited land resources, is especially precious. People's governments at all levels must implement the guiding principles governing rational utilization of the extremely valuable land. An overall plan should be made, and efforts should be made to strengthen the management, protection, development, and utilization of land resources, and to curb wanton occupation of arable land and indiscriminate use of land.

Article 3. According to legal provisions, land in urban areas belongs to the whole people, which means it is owned by the state. Land in the rural areas and city suburbs, other than that owned by the state in accordance with legal provisions, is collectively owned. Residential land, self-reserved land, and mountains fall under collective ownership.

In accordance with the law, land under collective ownership is collectively owned by rural peasants. Land which is already owned by various collective economic organizations in villages may be claimed to be owned collectively by peasants under their respective collective rural economic organizations. Land which is already owned by peasants' collective economic organizations in townships and (towns) may be claimed to be owned collectively by peasants in townships (towns).

Article 4. Land under collective ownership and state land used by units owned by the whole people, or collective ownership units may be contracted by collectives or individuals for operations in agricultural, forestry, animal husbandry and fishery production.

Collectives or Individuals who have contracted land for business operations shall have the obligations to protect the land and use it reasonably as stipulated in contracts.

The right to contract land for business operations is protected by law.

Article 5. All state-owned or collectively owned land (inclusive of residential land, self-reserved land, and

mountains) shall not be occupied by any unit or individuals; nor shall it be purchased and sold or transferred by other illegal means.

Transfer of the right of use of state land and collectively owned land shall be conducted in accordance with the relevant provisions of the state and the province concerned.

Peasants shall enjoy the right to use contracted land, residential land, self-reserved land, and mountains for specific purposes in accordance with the relevant provisions.

Article 6. Ownership of collectively-owned land shall be registered in a book, issued with a title in confirmation thereof by the people's government at or above county level.

State-owned or collectively owned nonagricultural land designated for construction purposes and used by units or individuals shall be registered in a book, issued with a title in confirmation thereof by the people's government at or above the county level.

Land Ownership affirmed in accordance with the law shall be protected by law.

Article 7. Provincial, city, and county (prefectural) people's governments shall establish land administration departments to take charge of the unified administration of the land under their respective administration areas.

The people's governments in townships (towns) shall be responsible for land administration in their respective administration areas. Land administration personnel under a township (town) people's government shall be specifically responsible for land administration work under the leadership of the township (town) people's government concerned, and shall come under the leadership of the land administration department at the county level.

Article 8. The main responsibilities of land administration departments at all levels are:

- (1) to implement land administration laws and regulations of the state and the province;
- (2) to take charge of investigations, registrations, statistics and issuance of certificates in respect of the land under their jurisdiction;
- (3) to draw up, in conjunction with relevant departments, an overall plan for land utilization, annual plans for land utilization, and control targets for designating arable land for other uses;
- (4) to handle procedures related to land acquisition, allocation, inspection, and submissions for approval concerning land use;
- (5) to carry out investigations, supervision of the development and use of land, and also to be responsible for coordination work;



(6) to investigate and deal with violations of law pertaining to land use;

(7) to handle land disputes;

(8) to handle other land administration matters as may be assigned by the government concerned.

Article 9. Construction within urban planning areas involving utilization of land must accord with urban planning, and must follow the procedures to submit land utilization applications for examination and approval in accordance with the provisions under these measures.

## Chapter II. The Use of Land and Its Protection

Article 10. People's governments at and above the county level exercise overall control and separate management of land to be used for construction projects in their own administrative districts. Land administration departments at and above the county level shall draw up fiscal land use plans in accordance with land use quotas decided by planning departments at the next higher level, which after overall balancing by planning departments at the same level, shall be incorporated into economic and social development plans and implemented after submitting to higher authorities through the prescribed procedures for approval. Land use quotas set in the fiscal plans should not be exceeded.

Article 11. People's governments at and above the county level shall assign capital farmland protection zones and exercise special protection over arable land within these zones.

Article 12. Land shall be used economically for state and township (town) construction. Where undeveloped and inferior land can be used, arable and good land should not be occupied.

Article 13. Abandoned wasteland fees shall be levied on land which has been abandoned and has become wasteland. County-level land administration departments shall levy such fees on arable land, garden plots, and land that can yield a profit, which have been approved for requisition (use) by construction units but on which construction has not been started after six months.

When a user of collectively-owned land for nonagricultural construction projects fails to start construction in two years after obtaining the license, unless with approval from the original approving authority to extend the period of land use, the approving authority shall revoke the license, and the land use right be recalled by agricultural collective economic organizations.

Township (town) people's governments shall levy abandoned wasteland fees on land that has been contracted by collectives or individuals for management but has been left to waste for over a year; and such fees shall be included in the township (town) financial revenue especially earmarked for no other purposes than farmland capital construction.

Villagers committees or agricultural collective economic organizations shall recall the contracted management right of arable land abandoned and laying waste for more than two years, and shall contract the land for management by others.

Norms for abandoned wasteland fees shall not be lower than three times the annual output value of the same type land.

Article 14. The use of arable land for building brick kilns shall be strictly controlled. Hilly land should be utilized as much as possible for building new brick kilns that must be constructed. Grain producing areas in plains shall no longer be allowed to build new brick kilns; and those already in operation shall dig clay in designated areas which should not be expanded without authorization. Brick kilns expanding unrealistically and occupying excessive arable land shall be ordered to stop operation and return the land for better use in farming. The operation of brick kilns should be conducted on the condition that it does not cause water and soil erosion. They should dig for clay from hilly areas or slopes not suitable for growing crops, and should level the land after digging out clay. Digging clay in river beds and from sea walls and road foundations is strictly forbidden.

The use of arable land for building arenas for prefabricated cement components is strictly controlled; and those already in operation should not be expanded without authorization.

Land to be used for constructing brick kilns and areas for prefabricated cement components shall be approved by competent authority in pursuant to the provisions of Article 25.

Article 15. The use of arable and afforested land for building tombs is forbidden. It is necessary to actively encourage cremation, deep burial, and the use of undeveloped hilly areas and slopes for building public cemeteries; and to prevent destruction of forested hilly areas.

Article 16. Units or individuals shall be responsible for reusing the land that can be reclaimed after mining or clay and sand digging.

Article 17. Land use plans for urban and rural construction should be coordinated with the revamping of old cities and villages and should fully utilize existing residential land and vacant plots.

Article 18. Units and individuals using land for construction purposes must comply with urban and rural construction plans, abide by relevant state provisions on environmental protection and soil conservation, and guard against environmental pollution, soil erosion, and the desertification and salinization of nearby arable land. Where losses occur, they shall be responsible for taking remedial actions, or paying the costs of remedial actions, as well as compensation for losses, to the affected parties.

Article 19. Land within protected areas along rivers and near lakes shall be utilized in accordance with plans for comprehensively harnessing, developing, and utilizing rivers and lakes. The unauthorized construction of embankments, the blockage of harbors, and the unauthorized reclamation of land are prohibited in such areas.

Shoals along the coast shall be reclaimed, developed, and utilized according to plan, and such activities shall be reported to the authorities for approval in accordance with relevant provisions.

Article 20. With the approval of people's governments at or above the county level, state-owned land repossessed by the government according to Article 19 of the state's "Law on Land Administration" may be allocated for utilization in return for payments to units that meet the requirements for requisitioning land in accordance with the provisions on the limits of authority regarding the examination and approval of applications for requisitioning land. Such land may also be temporarily loaned to collective agricultural economic organizations for farming purposes; if the land is needed for construction purposes, the state shall repossess it without paying any indemnities or relocation allowances, and without making plans for recruiting workers for those organizations.

Article 21. People's governments at all levels must follow the principle of combining land utilization and improvement to ensure the completion of annual land improvement plans.

Land improvement fees shall be paid in accordance with relevant provisions in connection with arable land appropriated for various types of construction projects.

A portion of proceeds from leasing the right to use state-owned land shall be set aside as special land improvement funds in accordance with relevant provisions.

Taxes collected for occupying arable land, as well as charges and special funds collected and set aside for land improvement in accordance with relevant provisions, shall be used mainly for reclaiming and cultivating arable land. They may also be used to build other farming infrastructure after a report is filed with and approval is granted by the authorities in accordance with relevant procedures.

City and county land administrative departments shall collect land improvement charges and special funds under unified plans. Funds shall be used for their specified purposes and may not be diverted to other uses. The rates at which funds are collected, as well as the procedures for managing funds, shall be established in accordance with the relevant provisions of the provincial people's government.

Article 22. As a rule, land reserved for the construction of year-round permanent vegetable bases with the

approval of provincial, city, and county people's governments may not be requisitioned. If such land must be requisitioned for major national and provincial construction projects, the provincial people's government must approve the requisition, and new land must be made available for growing vegetables. Units that utilize such land must pay for the development and construction of new land in accordance with relevant provisions.

Article 23. Land users who need to change the purposes for which their land is intended must meet the requirements of city, village, and town planning. They shall complete anew land utilization procedures in accordance with the limits of authority for examination and approval specified in Article 25 of these measures. Additional land costs arising from changes in the purposes for which land is intended shall be paid according to relevant provisions. If the purposes for which land is intended are changed without approval, the right to use such land shall be revoked in accordance with the law or the departments which originally approved the land for such purposes shall instruct the parties concerned to complete anew land utilization procedures.

### Chapter III. Land For State Construction Use

Article 24. Construction units may apply for use of land only for construction projects that have been included in the state's and province's fixed assets investment plan or for approved state construction projects.

The following land-requisition procedures must be followed when state construction projects require the requisition of collective-owned land:

(1) Construction units shall apply for use of land to the local county-level land management department by presenting the project design which was approved by the State Council's competent departments or by the people's governments higher than the county-level in line with the state's basic construction procedures or by presenting other approved documents. Approval from urban planning departments is required if the construction site is in an urban planning zone; when the construction involves communications, environmental protection, cultural relic protection, and fire fighting, approval from relevant departments is also required.

(2) Following selection of a construction site and approval of the initial design of the construction project, units which use land for construction shall formally report land for construction use to the local county-level land management department by presenting approved relevant documents, a general construction layout, and a topographic map. The land management department shall preside over the signing of a land-requisition compensation and settlement agreement between land-use units and units whose land has been requisitioned, and report to the people's government higher than the county-level for examination and approval according to the power of examination and approval stipulated in Article 25 of these procedures.



(3) Following the approval of the application for land-requisition, the local county-level land management department shall either make a one-time land allotment or make allotment of land in several stages according to the progress of construction.

Except for requirements for disaster relief and for meeting a military emergency, units are forbidden to use the land first and requisition the land later.

**Article 25.** The power of examination and approval in land requisition:

The county-level land management department shall examine, county-level people's government shall approve and report to provincial and city land management departments for the recording of the requisitioning of arable land (including gardens and ponds for aquaculture—the same applies for the following) that is under 3 mu and the requisitioning of nonarable land that is under 10 mu; the land management department under the city which is directly under the administration of the provincial government shall examine, city people's government shall approve and report to provincial land management department for the recording of requisitioning of arable land over 3 mu until 5 mu and the requisitioning of nonarable land over 10 mu until 20 mu; the provincial land management department shall examine and the provincial government shall approve the requisitioning of arable land over 5 mu and nonarable land over 20 mu; and the provincial people's government shall examine and report to the State Council for approval for the requisitioning of over 1,000 mu of arable land and for over 2,000 mu of nonarable land.

When the need arises to make unified requisition of land for comprehensive development of urban and rural areas and to carry out supplementary infrastructure construction, urban and rural construction departments shall, in line with approved construction plans and construction projects as well as with the power for examination and approval stipulated in the previous clause, apply for land use and proceed with land-requisition procedures.

A one-time instead of piecemeal application of and approval for use of land for construction purposes should be made in line with the general project design. Land requisition should be carried out in stages for construction projects requiring several stages for completion. Prior requisition of land for future use is forbidden.

City and county people's governments shall not exceed the province's set annual quota for construction-use land when reporting, examining, and approving land for construction use.

**Article 26.** Units using requisitioned land shall pay the following land compensation fee, green sapling compensation fee, and ground appendix compensation fee:

(1) Land compensation fee: The standard of compensation for requisitioned crop land shall be five to six times its annual output value in the case of suburban areas of cities directly under the provincial government; and four to five times in other places. The annual output value shall be the average of the three years preceding the requisition. Compensation for the requisition of non-crop land shall, in general, not exceed 50 percent of the standard for crop land.

(2) Green sapling compensation fee: The standard of compensation for green saplings on requisitioned land shall be the output value of crops of the season. Where there are no saplings, compensation shall not be made. Crops planted between requisition and the start of construction shall not be compensated.

(3) Ground appendix compensation fee: Trees, buildings, structures, and farmland irrigation facilities on requisitioned land shall be compensated at the market value or be relocated. Trees planted and facilities built immediately after the start of consultations for land requisition plans shall not be compensated.

The city and county governments shall work out specific procedures for computing standards of the above three fees in the light of actual local conditions.

**Article 27.** Units using requisitioned land shall pay relocation allowances in addition to various compensation fees.

The number of people to receive relocation allowances for land requisitioned shall be based on the ratio between the area of the land and the existing per capita crop land of units whose land is requisitioned. The standard of relocation allowances for every farming population shall be two to three times of the crop land's average annual output value of the three years preceding the requisition. The total of relocation allowances per mu shall not exceed 10 times of the crop land's average annual output value of the three years preceding the requisition.

Relocation allowances for requisition of noncrop land shall, in general, not exceed 50 percent of local allowances for crop land.

Employment arrangements shall not be made for those receiving relocation allowances.

**Article 28.** Farmers, who, after receiving compensation and relocation allowances prescribed in Articles 26 and 27, still cannot maintain their original living standards, shall, with the approval of the provincial land administration department, have their relocation allowances increased as deemed appropriate. However, the total of land compensation fees and relocation allowances shall not exceed 20 times of the average annual output value of the three years preceding the requisition.

**Article 29.** Except for compensation for individually-owned ground appendices and green saplings, compensation fees and relocation allowances for land requisitioned by the state for construction shall be used by

requisitioned units to develop production, and relocate surplus laborers and subsidize unemployed people resulting from land requisition; and shall not be divided by individuals or diverted to other use. The use of various compensation fees and relocation allowances shall be supervised by the land administration departments and township (town) people's governments.

Article 30. The land administration departments of the local people's governments at and above the county levels shall organize the unit whose land has been requisitioned, the unit which is to use the requisitioned land, and other relevant units to find jobs, by setting up industrial, commercial, construction, transport, and service enterprises for surplus labor created by state acquisition of farmland for use in national construction.

The following methods may be used if the land using unit is required to arrange employment for surplus labor: (1) The land using unit shall give priority to hiring workers who meet its employment qualifications; (2) employment service agencies may be entrusted to find employment; and (3) other methods. Relocation allowances shall be paid to employment agencies. Individuals who are seeking jobs for themselves shall be paid relocation allowance. The number of jobs to be arranged shall be calculated on the basis of the ratio between the requisitioned land and the original size of the farmland, and its agricultural households should be shifted to nonagricultural fields in accordance with relevant regulations of the province.

Article 31. After the taxable land of a unit is requisitioned, the land administration department of county people's governments shall be responsible for adjusting its agricultural taxes and contract grain purchasing quotas.

Article 32. If the entire farmland of a unit is requisitioned for use in national construction, the original farming households may change their status to non-farming households on the spot following an investigation by the county or city people's government and approval by the provincial people's government. The original collective property of the unit, the land subsidies obtained from the requisition, and the relocation allowance shall be handled by people's governments at and above the county level through consultations with the relevant township (town) authorities. Dividing up for private use the money earmarked for production and living subsidies for unemployed personnel or diverting them for other purposes shall be prohibited.

Article 33. Local people's governments at the county level shall be responsible for determining the amount of compensation for the units whose land is requisitioned by the state for use in the construction of water conservancy projects and hydroelectric power stations, and the method of resettling the evacuated population.

Article 34. The units whose land has been requisitioned in accordance with these Measures shall obey the needs of national construction, conclude a land requisition

agreement, and surrender the requisitioned land according to schedule; they shall not be permitted to set forth additional demands and delay and hinder national construction.

Article 35. Unless permission to postpone its use has been granted by the original organ which approved the requisition, land which has remained idle two years after its requisition shall be recovered by the local people's government at the county level. The matter shall be reported to the approving organ for the record. Arbitrary disposal of the land by the original land using unit shall not be prohibited. No other unit or individual is permitted to seize the land.

Article 36. When land is temporarily needed for project construction, storage of raw materials, transportation, or other facilities, this problem shall be solved by using the requisitioned land. If land must be borrowed for temporary use, the land using unit shall submit an application stating the amount of land to be borrowed and the time limit for its use. If the amount of land to be borrowed is below 10 mu, the application must be submitted to a county-level land administration department for approval; if the amount of land to be borrowed is between 10 and 20 mu, the application must be submitted to a city land administration department for approval; if the amount exceeds 20 mu, the application must be submitted to the provincial land administration department for approval. In general, the time limit for borrowed land shall not exceed two years. When it is absolutely necessary to extend the time limit of the borrowed land, an application must be submitted to the original examination and approving organ for approval. During the period when the borrowed land is being used, the land using unit shall pay yearly compensation in accordance with the average annual output value of the land in the past three years. No permanent structures are to be built on land borrowed for temporary use. After project construction is completed, the land using unit shall be responsible for restoring the farming conditions of the land before returning it to the original unit.

Article 37. When rural collective land is required by urban collective units for construction purposes, land requisition applications shall be handled in accordance with the provisions of these Measures.

Land requisition shall be permitted when a jointly run enterprise established through joint investment between an agricultural economic organization and a unit owned by the whole people or an urban collective unit wishes to use rural collective land. The agricultural economic organization may use the land use right as a condition for participating in the joint enterprise, but it must submit a land use application to a land administrative department together with the construction project documents and the agreement signed by both parties approved by a planning department or a competent department at or above the county level. The application shall be handled in accordance with the examination and approval authority stipulated in Article 25 of these Measures.



Article 38. When needed by national construction, state-owned land that has been cultivated for many years by rural collective economic organizations shall be recovered, and appropriate compensation shall be given on the basis of the concrete conditions.

Article 39. The use of state-owned land (including the use of their own land by state-run agricultural, forestry, livestock-breeding, and fish-breeding farms) by construction units for capital construction shall be handled in accordance with Articles 24 and 25 of these Measures.

In using state-owned land which is being used by other units, a construction unit shall pay compensation for the losses suffered by the original unit; the construction unit shall be responsible for moving the original unit to a new location.

#### Chapter IV. Land for the Development of Townships (Towns) and Villages

Article 40. Plans for the construction of rural housing projects, the construction of township (town) and village enterprises, and the construction of township (town) and village public facilities and public welfare organizations shall be drawn up in accordance with the principle of rational distribution, economical use of land, and being beneficial to production and daily life.

Article 41. The use of land for the construction of township (town) and village enterprises must strictly controlled. Efforts must be made to use, as far as possible, only nonfarming land such as the original housing areas and barren hilly areas. When it is necessary to use land for the construction of township (town) and village enterprises, an application must be submitted to the land administrative department of a people's government at the country level together with the document of approval from a planning department or a relevant competent department at and above the country level. The application shall be handled in accordance with the examination and approval authority stipulated in Article 25 of these Measures.

When collective land is to be used for the construction of township (town) enterprises, the township (town) authorities shall pay appropriate compensation to the unit whose land was requisitioned, and make appropriate arrangements for the production and life of the peasants affected.

Article 42. When land is required for the construction of township (town) public facilities and public welfare organizations, approval from the township (town) people's governments must be obtained before submitting an application to a land administrative department at the county level. The application shall be handled in accordance with the examination and approval authority stipulated in Article 25 of these Measures.

Article 43. Use of arable land for housing construction shall be placed under strict control. Construction of private residences in rural areas shall be arranged under

a unified plan for village or township development. No one is allowed to use land for housing construction without authorization or to exceed the approved area limits for housing construction.

There shall be strict limits on the area of housing sites. The standard area for the site of a private residence in rural areas (including auxiliary structures and yard) is 125 square meters maximum for a large household, or 140 square meters maximum if the land is not arable. Specific regulations on the classification of large, medium, or small households and the limits for the area of housing sites shall be formulated by the county-level people's government in line with local conditions.

When a person needs land for building a private residence, he shall file an application with the committee in the village where he resides and the village committee shall act on the application after discussion. Where arable land is involved, the township (town) people's government shall examine the application and submit it to the county-level land administration department for approval. Where the land involved is not arable, the township (town) people's government shall examine and act on the application and report to the county-level land administration department for the record.

The city and county-level land administration departments shall not exceed the annual quotas set by the province for lands to be used for building private houses in rural areas.

Article 44. Workers, cadres, soldiers, and other personnel returning home to settle down shall be treated the same as peasants.

Lands for housing sites of overseas Chinese, compatriots from Taiwan, Hong Kong, and Macao, foreigners of Chinese descent, as well as housing built with overseas remittance by relatives of nationals living abroad shall be approved by county-level people's government. Limits for the area of housing sites may be appropriately relaxed in accordance with local standards.

Article 45. Urban housing shall be subject to unified planning and development. Residents with a nonrural residency registration who are in genuine need of building a house in the town or city where they reside may, after obtaining approval, build a house under a unified plan of the local people's government and pursuant to the urban development plan.

Standards for the area of land for housing construction shall be computed on the basis of the number of people in the urban household residency registration. On average, the maximum land allowed for a person is 8 square meters (including the housing owned by that person in the locality; the area of housing site shall be calculated by the vertical projection of the building and its auxiliary structures).

No individuals are allowed to use lands to build detached houses.

**Article 46.** Housing sites vacated when peasants move out and the houses are torn down shall be returned to the village committee.

Where the person sells or rents his house, he may not apply for another housing site (except for when his former house is bought by the state at the market price and the village committee agrees to allocate him another housing site).

Housing sites—either vacated by renovation of old villages or development of new villages—that are converted for use in agricultural production shall be treated as newly reclaimed lands and are exempt from agricultural tax for five years.

**Article 47.** Self-employed industrial and commercial entities in rural areas requiring the use of collectively-owned land for nonagricultural purposes shall pay for the use of the lands and file an application for examination and approval with the township (town) people's government, which shall handle the application pursuant to the stipulations on examination and approval authority provided in Article 25 of these Measures.

Where use of collectively-owned lands is approved in accordance with the preceding paragraph, the land user and the agricultural economic collective shall sign a contract pursuant to the approval document that specifies the purpose, area, term, and fees for the rented lands.

Upon expiration of the term of land use, the land shall be returned to the agricultural economic collective. Structures and other facilities on the land shall be handled in accordance with the contract. Renewal of the contract, if required, shall be handled pursuant to regulations.

## Chapter V. Rewards and Punishments

**Article 48.** People's governments at various levels shall commend or reward units and individuals satisfying any one of the following conditions:

- (1) Outstanding achievements in safeguarding laws and regulations governing land administration and in managing land according to law;
- (2) Outstanding achievements in rational planning, economic land use, and preserving farmland; and
- (3) Outstanding achievements in creating and reclaiming land, in rationally developing and utilizing land resources, and in scientific research on land-related subjects.

**Article 49.** Violations of the state "Land Administration Law" and provisions of these procedures shall be separately handled as follows:

- (1) Units under ownership by the whole people and units under urban collective ownership found to have been illegally occupying land without approval or with approval secured through fraudulent means shall be ordered to surrender their illegally occupied land and

demolish within a designated period buildings and other facilities newly constructed on it or face confiscation. In addition, fines shall be imposed. Persons in charge of units found to have been illegally occupying land shall face administrative punishment.

Township (town) and village enterprises (including joint-venture enterprises) found to have been illegally occupying land without approval or with approval secured through fraudulent means shall be ordered to surrender their illegally occupied land and demolish within a designated period buildings and other facilities newly constructed on it or face confiscation, and may be subject to fines.

Occupation of land in excess of what has been approved, the illegally occupied portions shall be handled according to provisions governing illegal land occupation.

- (2) Rural residents found to have been illegally occupying land for building houses without approval or with approval secured through fraudulent means shall be ordered to surrender their illegally occupied land and demolish within a designated period houses newly constructed on it or face confiscation.

- (3) City and town nonagricultural household residents found to have been illegally occupying land for building houses without approval or with approval secured through fraudulent means shall be ordered to surrender their illegally occupied land and demolish within a designated period houses newly constructed on it or face confiscation.

- (4) State work personnel and rural grass-root cadres found to have been using their powers to illegally occupy land for building houses without approval or with approval secured through fraudulent means shall be severely punished in accordance with the preceding provisions in addition to administrative penalty.

- (5) Other units, individuals found to have been illegally occupying land without approval or with approval secured through fraudulent means shall be ordered to surrender their illegally occupied land and demolish within a designated period buildings and other facilities newly constructed on it or face confiscation, and may be subject to fines.

- (6) Illegal income derived from illegal land sales or other forms of illegal land transfer shall be subject to confiscation. Buildings and other facilities recently constructed on land sold or transferred through other means shall be demolished within a designated period or be confiscated with cancellation of land contract management rights and land use rights. Parties involved in the deal may be fined. Personnel in charge shall face administrative punishment from their own units or higher authorities.



(7) Principal personnel found to have approved land use exceeding set targets for a particular year without authorization shall face administrative punishment.

(8) Approval documents for land occupation illegally issued by units or individuals not authorized to approve land acquisition and land use or issued by overstepping their powers shall be null and void; unit personnel or individuals responsible for approving illegal land occupation shall face administrative punishment.

(9) Construction units failing to return land borrowed for temporary use upon expiration shall be ordered to return it to the owner with economic compensation and may be subject to fines. Refusal to return borrowed land shall be handled according to provisions governing illegal land occupation.

(10) Whoever is found to have damaged farmland by excavating earth or digging sand therefrom or causing soil erosion or damaging land resources by blindly opening up wasteland shall be ordered to have such land reclaimed and rehabilitated within a designated period, and may be subject to fines.

(11) Any party illegally holding or embezzling land compensation fees, relocation subsidies, or land improvement fees shall be ordered to return the money and be liable for a fine. The person in charge shall face administrative disciplinary action, while individual wrongdoers shall be charged with corruption.

(12) In the requisition of land for national construction, any interested parties which insist on unreasonable demands and cause financial losses by hampering the construction project of the requisitioning unit or the production of the unit holding the requisitioned land shall be ordered to pay compensation and be liable for a fine. The person in charge shall be subjected to administrative disciplinary action.

Any buildings or other facilities subjected to demolition or confiscation within a specific time limit in accordance with the provisions in items (1) through (6) of the preceding clause, must be demolished if they happen to obstruct city and town planning, road transport, flood-water diversion, or water transport.

Article 50. All departments and units should support and refrain from obstructing land administration personnel exercising their functions and powers as well as investigating and dealing with violations of land administration in accordance with the law.

Land administration personnel should set an example by enforcing the law impartially and refraining from abusing official power for personal gain.

Article 51. The administrative punishments provided for in these Measures, such as confiscation, demolition, and fines, shall be decided upon by the land administration departments of people's governments at or above the county level in accordance with the law.

The administrative punishments against illegal land occupation by rural residents for building construction as provided for in item (2) of Article 49 of these Measures, shall be decided upon by the township (town) people's government concerned.

Article 52. Incomes from the above mentioned fines and confiscations shall be collected by the organ carrying out the punishment and be turned in to the finance department at the same level.

Article 53. Any interested parties which are not satisfied with the administrative punishments meted out in accordance with these Measures may apply for a reconsideration of the decision under the provisions in the "Regulations Governing Reconsideration of Administrative Decisions" or the "Administrative Procedural Law of the People's Republic of China," or directly file a lawsuit with the people's court.

All units or individuals given a deadline for demolishing buildings or other facilities still under construction are required to stop construction work immediately. The organ deciding on the punishment has the right to stop the construction work or demolish the part of a building being built in defiance of the order. Anyone who rejects or obstructs the discharging of official duties by land administration personnel shall be punished in accordance with the relevant provisions in the regulations for public order management and punishment.

Article 54. Those engaged in illegal activities such as profiteering through land transactions shall be charged with criminal responsibility by the justice organs in accordance with the law, if their cases should involve serious circumstances and constitute a crime.

Those who commit a crime by giving bribes, taking bribes, extorting money, committing graft, stealing state- or collectively- owned property, or stirring up trouble among the masses and obstructing national construction in the process of changing the land ownership and land use rights or settling disputes involving land ownership and land use rights, shall be charged with criminal responsibility in accordance with relevant provisions in the "Criminal Code."

#### Chapter VI. Supplementary Provisions

Article 55. These measures shall be implemented beginning on the day of their promulgation, while the "Zhejiang Provincial Measures for Administering Urban and Rural Development Land" adopted after revision by the ninth meeting of the sixth provincial people's congress standing committee on 6 September 1984 shall be abolished simultaneously.

## Central-South Region

### Guangdong Tightens Factory Fire Safety Regulations

HK3103053294 Hong Kong SOUTH CHINA MORNING POST in English 31 Mar 94 p 2

[By Stella Lee]

[Text] Tougher fire safety regulations for Hong Kong factory operators are to be adopted by the Guangdong Government. The new rules are being drafted in an effort to prevent tragedies such as the Zhili Handicrafts factory fire last November which killed 84 people and left 25 injured. Authorities were devising management rules for foreign-owned enterprises in the province where there are 70,000 such operations, vice-director of Guangdong Public Security Department's Fire Bureau, Zhong Jiaorong, said. Eighty per cent of the foreign-owned enterprises have Hong Kong investors.

Ms Zhong said Guangdong had recorded the nation's highest number of industrial accidents for four consecutive years. Fires caused losses of 300 million yuan (HK\$266 million) last year, and 130 million yuan in 1992. Sixty percent of the losses were attributed to foreign-owned factories. "Although the foreign-owned enterprises will have to meet the same fire safety requirements as local ones, the new rules will be tailored for them," Ms Zhong said.

She was speaking after a seminar on fire safety in foreign-owned factories, during which a 10-minute video of the rescue and aftermath of the Zhili fire was shown. The seminar heard in detail about factors which contributed to the high death toll including blocked exits, sealed windows and work done by unlicensed electricians. The fire caused 2.6 million yuan in damage. Five people, including the Hong Kong owner of the factory, Lo Chiu-chuen, have been arrested, but no hearing date has been set.

New penalties came in on March 1, with fines to be calculated on the basis of 30,000 yuan per death, 3,000 to 5,000 yuan per injury, plus one to five percent of the total cost of damage. Factory management may also face criminal penalties. Chief executive of the Hong Kong Confederation of Trade Unions, Lee Cheuk-yan, called for more compensation for victims of industrial accidents, and urged the Chinese Government to set up more channels for workers' complaints.

### Six Convicted Drug Traffickers Executed in Guangzhou

HK3003123294 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 18 Mar 94

[Text] This morning, the Guangzhou City Intermediate People's Court announced the execution of criminal Ma Wengui and five other criminals whose death sentences and life-long deprivation of political rights had been

confirmed by the provincial higher people's court. The six convicted drug traffickers were taken to an execution ground where they were shot in the head.

On 30 April, 1993, criminal Ma Guoying bought heroin in Yunnan and smuggled it into Guangzhou where he joined criminal Ma Wengui, who was looking for a buyer in the city. On 9 May, 1993, Ma Wengui and Ma Guoying were caught red-handed by police while selling some 4,900 grams of heroin to a buyer in a Guangzhou hotel. Ma Wengui and Ma Guoying were later sentenced to death and deprived of political rights for life.

In April, 1992, criminals Mo Wenjian and Wei Jiping smuggled 1,050 grams of heroin from Nanning into Guangzhou where they gave it to criminal Zheng Nanye, who was looking for a buyer in the city. On afternoon of 7 April, the three criminals were caught red-handed by police when Mo Wenjian and Wei Jiping went to collect money from Zheng Nanye who had just sold the heroin. Both Mo Wenjian and Wei Jiping were sentenced to death and deprived of political rights for life. Zheng Nanye was sentenced to life imprisonment and deprived of political rights for life.

In 1989, criminal Ma Zuohua bought 12,000 grams of heroin in Chengdu and asked another person to take it to Guangzhou by plane. Ma later on received \$50,000 Hong Kong dollars for his role in the deal. Ma Zuohua was sentenced to death and deprived of political rights for life.

In November, 1992, criminal Li Feng bought 4,000 grams of heroin in Yunnan and smuggled it into Guangzhou where he sold more than 1,700 grams of heroin to others. He was arrested by police later on. Li was sentenced to death and deprived of political rights for life.

### Guangzhou Reportedly To Quicken Sale of State Enterprises

HK3003122994 Hong Kong TA KUNG PAO in Chinese 10 Mar 94 p7

["Special dispatch" by staff reporter Yuan Hsiu-hsien (5913 4423 6343): "Guangzhou Quickens the Pace of 'Conceding Markets, Profits, and Ownership Right' of State-Owned Enterprises to Foreign Businessmen"]

[Text] Guangzhou, 9 Mar—This year Guangzhou City will quicken the pace of changing the operational mechanism of state-owned enterprises, refrain from helping out money-losing enterprises, and accelerate the "concession of markets, profits, and ownership right" to foreign businesses. Guangzhou Executive Vice Mayor Chen Kaizhi and Wu Liang made the these remarks at a news conference of the city people's congress today.

Chen said: The city started exploring the change of operation mechanism in state-owned enterprises last year. The authorities will change the traditional methods of granting loans and so on to money-losing enterprises



and will not help them out so they can thoroughly remold themselves. With regard to existing enterprises, especially young and lively enterprises, it is necessary to quicken the pace of changing their mechanisms. We should take advantage of their adolescent years to help them find "mothers-in-law" and marry them off to establish a modern enterprise system.

Wu Liang said: Last year, Guangzhou boldly "conceded markets, profits, and ownership right" to foreign businesses, and it will accelerate this process this year. Various enterprises, whether newly-established, profit-making, or good old ones, also should be sold. We are even ready to sell whole factories. Some tertiary industries, including commerce and retail and catering businesses, as well as tunnels and bridges, will also be sold in a planned and restrained manner. However, there should be coordination with the central government on certain items. Wu said: By selling shares we can use the funds for more necessary construction projects in Guangzhou, including the construction of underground railways and roads.

Speaking on excessive price rises last year, Wu said: We shall adopt feasible measures to keep down prices. These measures include the establishment of a fund for keeping down prices and the establishment of a reserve system for important nonstable food; the implementation of a system of putting on record price increases for important commodities; tighter management of collection of administrative and service charges and adoption of macroeconomic regulation and control measures over the sales of commodities that can yield exorbitant profits; and acceleration of the "shopping basket" project in an effort to keep the rise in retail price index to within 15 percent this year.

#### Hubei Governor Delivers Government Work Report

HK0403004694 Wuhan Hubei People's Radio Network  
in Mandarin 1000 GMT 26 Feb 94

[Excerpts] The second session of the Eighth Hubei Provincial People's Congress was solemnly inaugurated in Wuchang's Hongshan Auditorium this afternoon. [passage omitted]

At 15:00 in the afternoon, Guan Guangfu [provincial party secretary] declared the second session of the Eighth Hubei Provincial People's Congress open.

On behalf of the Hubei Provincial People's Government, Hubei Provincial Governor Jia Zhijie delivered at the session a government work report which was divided into the following six parts entitled respectively:

1. Review of Hubei's work in 1993;
2. Hubei's major national economic goals and tasks in 1994;
3. It is necessary to quicken the pace of reform and meticulously organize and further all types of reforms;
4. It is necessary to expand opening up and make Hubei's national economy even more export-oriented;

5. It is necessary to persistently and simultaneously grasp two key work aspects and vigorously build socialist spiritual civilization, democracy, and legal system;

6. It is necessary to further emancipate the mind, improve work style, and implement work to the letter and comprehensively fulfill Hubei's national economic and social development quotas in 1994.

In reviewing Hubei's work in 1993, Governor Jia Zhijie stated: The year 1993 marked the first year of my governorship. Over the past year, the Hubei people have worked very hard with the result that we have comprehensively accomplished the provincial national economic tasks, made significant headway in respect of building socialism with Chinese characteristics, and scored encouraging achievements in reform, opening up, and modernization drive. Last year, Hubei's total gross domestic national product reached 108.1 billion yuan, representing a 12.7 percent increase and the highest growth rate in the last eight years; total industrial and agricultural output value 213.2 billion yuan, registering a 17.8 percent increase; financial revenue 11.47 billion yuan, up by 21.8 percent; per capita subsistence income on the part of urban residents 2,191 yuan, up by 516 yuan; and per capita net income on the part of peasants 783 yuan, up by 105 yuan.

Governor Jia Zhijie noted: By reviewing and summing up Hubei's work in 1993, we have come to understand an indisputable truth: In order to consolidate and develop the excellent situation of reform and construction, we should firmly grasp the following aspects of work in 1994:

1. To constantly bear in mind that development is the last word [FA ZHAN CAI SHI YING DAO LI 4099 1455 2088 2508 4289 6670 3810] and strive to maintain a sustained, rapid, and healthy national economic growth;
2. To persistently deepen reform, expand opening up, and promote faster and better economic growth;
3. To give top priority to economic efficiency improvement and simultaneously increase speed, efficiency, and reserve strength in economic work;
4. To correctly handle relations between reform and development on the one hand and social stability on the other;
5. To firmly grasp two key aspects of work at the same time.

Speaking of Hubei's national economic development tasks and quotas in 1994, Governor Jia Zhijie maintained: The general guiding ideology for Hubei's economic work in 1994 is as follows: To unswervingly and conscientiously implement the spirit of the 14th CPC National Congress and the spirit of the Third Plenary Session of the 14th CPC Central Committee under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the party's basic line, to firmly grasp each and every excellent opportunity of deepening reform and expanding opening up, to consolidate agriculture as the foundation, to give full scope to the pillar role of large

and medium-sized enterprises, to devote more energy to key aspects of the province's economic work, to strengthen such weak links as light industry, textile industry, and so on, to build more basic facilities, to make redoubled efforts to develop basic industries, to accelerate scientific and technological advancement and structural readjustment, to energetically improve economic efficiency and quality, and to bring about sustained, rapid, and healthy economic growth across the province.

Governor Jia Zhijie went on: Hubei's economic work in 1994 should aim at overfulfilling each and every economic quota, catching up with the whole country in terms of economic growth, bringing about a faster-paced growth, and making more breakthroughs in various trades and professions. In order to attain such a general goal, Jia Zhijie held, we must focus on the following aspects of work in 1994:

1. To steadily develop grain, cotton, and oil crop production; speed up diversified economic development as well as township and town enterprises development; and comprehensively invigorate the province's rural economy with an eye to increasing income on the part of peasants;
2. To maintain fast-paced industrial growth on the basis of improved economic efficiency;
3. To increase investment, perfect investment structure, and rapidly build key construction projects;
4. To energetically develop a tertiary industry and establish a new pattern of industrial development;
5. To rapidly build a sound market system by focusing on certain key links;
6. To energetically implement a strategy aimed at developing Hubei by virtue of advanced science, technology, and education to comprehensively improve Hubei's national economic quality and labor quality.

Those attending and sitting at the rostrum at the opening ceremony were provincial party committee, people's government, Chinese People's Political Consultative Conference [CPPCC] committee, and military district leaders, including Hui Liangyu [provincial CPPCC committee chairman], Qian Yunlu, Li Daqiang, Wang Zhongnong, Liu Guoyu [provincial military district commander], Liu Rongli, Wang Shengtie, Deng Guozheng, Huang Yuanzhi, Han Nanpeng, Meng Qingping, Zhao Baojiang, and others. [passage omitted]

Also sitting at the rostrum at the opening ceremony were Li Qifan, provincial higher people's court president; Zhong Shuqin, provincial people's procuratorate chief procurator; and some retired veteran provincial leaders, including Han Ningfu; Shen Yinluo; Zhong Shuqiao; Wu Tao; Huang Zhengxia; Han Hongshu; and others. [passage omitted]

In a related development, a preparatory meeting was held for the second session of the Eighth Hubei Provincial People's Congress in Wuchang's Hongshan Auditorium yesterday morning.

The preparatory meeting adopted the following eight-item agenda for the second session of the Eighth Hubei Provincial People's Congress:

1. To listen to and deliberate on "The Hubei Provincial People's Government Work Report" to be delivered by Governor Jia Zhijie;
2. To listen to, deliberate on, and adopt "The 1993 Hubei Provincial National Economic and Social Development Report" and "The 1994 Hubei Provincial National Economic and Social Development Plan (Draft)" to be delivered by provincial planning commission Director Gao Youke;
3. To listen to, deliberate on, and adopt "The 1993 Hubei Provincial Financial Estimates Implementation Report" and "The 1994 Hubei Provincial Financial Estimates (Draft)" to be delivered by provincial finance department Director Hong Daoyou;
4. To listen to and deliberate on "The Hubei Provincial People's Congress Standing Committee Work Report" to be delivered by Zheng Yunfei, provincial people's congress standing committee vice chairman;
5. To listen to and deliberate on "The Hubei Provincial Higher People's Court Work Report" to be delivered by Li Qifan, provincial higher people's court president;
6. To listen to and deliberate on "The Hubei Provincial People's Procuratorate Work Report" to be delivered by Zhong Shuqin, provincial people's procuratorate chief procurator;
7. To deliberate on "The Hubei Provincial Measures of Implementing 'The PRC Law of National People's Congress Deputies' and 'The PRC Law of People's Congress Deputies at All Levels' (Draft)";
8. To elect some of the Eighth Hubei Provincial People's Congress Standing Committee members through a by-election.

Yesterday morning's preparatory meeting elected the following executive chairmen, presidium members, secretary general, and deputy secretary generals of the second session of the Eighth Hubei Provincial People's Congress:

The executive chairmen are: Guan Guangfu [provincial party secretary, Zheng Yunfei, Wang Ruisheng, Wang Zhizhuo, Liang Shufen (female), Xiao Quantao, Xie Peidong, Xu Xiaochun, and Lin Jinming.

The 63 presidium members are: Ding Fengying, Wang Zhizhuo, Wang Hanzhang, Hui Liangyu, Liu Guoyu, Guan Guangfu, Xia Quantao, Zhong Shuqiao, Qian Yunlu, Han Hongshu, Xie Peidong, and others. [passage omitted]

Secretary General is: Zheng Yunfei;

The deputy secretary generals are: Liu Xuelun, Gao Fengwu, Li Linzhi (female), Li Dehua, Zhao Yetao (female), Chen Diren, Sun Hua, and Zhao Wenbiao (female).



### Next Cross-Strait Talks Scheduled for Taipei 'Late April'

OW3103143894 Taipei CNA in English 1326 GMT  
31 Mar 94

[By Debbie Kuo]

[Text] Taipei, March 31 (CNA)—The next round of talks between Taiwan and Mainland China is expected to be held in Taipei in late April, chief Taiwan negotiator Hsu Hui-yu said Thursday [31 March] in Beijing.

Hsu, the deputy secretary-general of the Straits Exchange Foundation (SEF) and leader of the Taiwan delegation that left for Beijing last week for the fourth round of talks with mainland negotiators on cross-strait technical issues, boarded the plane for Taiwan Thursday empty-handed.

The talks centered on three non-political technical issues—the repatriation of mainland hijackers, the repatriation of illegal mainland immigrants, and the resolution of cross-strait fishing disputes.

Although the Taiwan negotiators made the biggest concessions possible, Hsu said, the talks once again failed because of Beijing's continued reluctance to recognize Taiwan's jurisdiction rights.

SEF Vice Chairman Chiao Jen-ho, while regretting that no agreements were reached during the talks, called for higher-level dialogue in the future.

He said negotiations would not be effective simply because of the use of "eloquent" or "effective" negotiators, but require sincerity and consensus from both sides.

### MAC Official on GATT Membership, Cross-Strait Trade

OW0104101794 Taipei Voice of Free China in English  
0200 GMT 6 Mar 94

[From the "News" program]

[Text] Kao Koong-lian, vice chairman of the Mainland Affairs Council, Friday [4 March] said Taiwan's future admission to the General Agreement for Tariffs and Trade, or GATT, does not mean a collapse in the ROC [Republic of China] Government's policy to keep trade and transportation with Mainland China on indirect basis. Also the cross-strait ties will not be altered simply because both Taipei and Peking are expected to join GATT in foreseeable future. The GATT membership and cross-strait relations are two different issues, Kao explained, judging that the government's mainland policy is governed by national reunification guidelines. The guidelines state very clearly that direct trade and transportation will not be allowed until the two sides enter the medium phase of the unification, Kao said.

Although GATT asked members to remove trade barriers and abide by the principle of free trade in open

market, Taipei and Peking can still apply Article 21 instead 35 to exclude each other for enjoying a cross-strait trading privilege.

### Taipei To Establish Antipiracy Union

OW0104091394 Taipei CNA in English 0756 GMT  
1 Apr 94

[By Y.C. Tsai]

[Text] Taipei, April 1 (CNA)—In a new effort to better protect intellectual property rights, Taiwan will establish the information product anti-piracy union in late April, the Information Service Industry Association (ISIA) announced late Thursday [31 March].

ISIA Secretary-General Arthur Hwa said at a news conference that the union, aiming to intensify crack-downs on counterfeit computer products, will be patterned after the US-based business software alliance (BSA).

More than 30 domestic computer software manufacturers have decided to join the new union, Hwa noted.

To give a helping hand to Taiwan's anti-piracy efforts, BSA said the American Alliance has chosen April as "Anti-Piracy Month" for Taiwan, and will launch a series of activities here to advocate the importance of protecting innovative information products from unauthorized use.

BSA will sponsor seminars on software management and offer incentive measures to encourage Taiwan residents to inform the alliance of software piracy cases, a spokesman said.

Anyone who provides information which leads to the indictment, sentencing or out of court settlement of a software pirate will be rewarded NT\$50,000 (US\$1,886.79), he elaborated.

Louis Wang, director of the Interior Ministry's Copyright Committee, hailed the BSA move, saying the anti-piracy drive will promote the development of a sound, healthy information industry in Taiwan.

Also speaking at the news conference were Director-General B. Lynn Pascoe of the American Institute in Taiwan, Deputy Director-General Lin Yi-fu of the Board of Foreign Trade, and Hu Tzu-yin, deputy director-general of the Information Industry Institute.

### Belgian Bank Opens Representative Office in Taipei

OW0104080994 Taipei CNA in English 0733 GMT  
1 Apr 94

[By Danielle Yang]

[Text] Taipei, April 1 (CNA)—The Belgian Bank opened a representative office in Taipei Thursday [31 March] to

promote financial cooperation and trade between the Kingdom of Belgium and Taiwan.

The Belgian Bank was founded in 1935 as a far east subsidiary of Belgium's largest bank, the General Bank, and boasts assets of US\$2.24 billion, a bank spokesman said.

The bank is considered one of the world's top 500 banks, the spokesman added, and it is the first bank from Belgium to establish a representative office in Taiwan, he said.

Two-way trade between Taiwan and Belgium totaled some US\$104 million in 1993 with Belgium enjoying a surplus of US\$16.4 million.

### Editorial Calls on China To Abandon 'Big Brother Mentality'

OW2202091794 Taipei CHINA POST in English  
16 Feb 94 p 4

[Editorial: "Big brother mentality"]

[Text] Beijing must give up its big brotherism and cease to intervene in Taiwan's efforts to develop foreign relations if it wants to see a steady normalization of relations between the two sides. Unfortunately, there is no sign of Beijing changing that policy. Even recently, Beijing tried all means it could to block an eight-day unofficial visit by President Li Teng-hui to three Southeast Asian countries, though to no avail.

Mainland China's repeated warnings and protests did not bully the Philippines and Indonesia, the first two nations of Li's three-country tour, into refusing to receive him. Both Philippine President Fidel Ramos and Indonesian President Suharto held talks with Li over economic and other bilateral issues.

It is still not known whether Thai Prime Minister Chuan Likphai will meet Li today when the president leaves Thailand, the last leg of his Southeast Asian trip, and flies back to Taiwan. But Chuan has earlier refuted Beijing's protests by defending Bangkok's right to allow President Li to visit Thailand.

Mainland China's persistent intervention in Taiwan's efforts to promote relations with foreign countries is

unreasonable, as it takes no consideration at all of the island's needs for expanding such ties.

Taiwan, as an island economy with few natural resources and limited domestic market, cannot afford to isolate itself from the rest of the world without international economic and political relations.

Taiwan must go to the world to look for more trade and investment opportunities abroad for its companies. And it must promote technological, scientific and cultural exchanges with other nations to enhance economic and social development.

Also, with increasing income and more leisure time, local citizens in growing numbers want to go abroad to spend their vacations, thereby to gain a firsthand chance to understand other nations and their people.

Yet to administer all these exchanges with foreign nations and to better protect its businessmen's and travelers' interests abroad, it is necessary for Taiwan to establish relations and high-level contacts with other governments.

Beijing's stubborn attempts to block Taiwan from developing closer contacts with foreign nations also demonstrates its ignorance of the realities of present-day world relations.

Taiwan, given its growing economic and financial powers, offers a lot of business opportunities. Foreign governments would not be willing to pass up such opportunities by submitting to Beijing's unjustifiable demands and refusing to have ties with Taiwan.

A most vivid illustration of this is the reception the three South-east Asian governments have extended to President Li during his eight-day tour, in spite of the repeated protests from Beijing.

The leaders in Beijing may contend that their intervention to isolate Taiwan internationally is necessary to help prevent this island from becoming independent from China. It is wrong. Such intervention will only provoke resentment among local citizens, impede improvement of bilateral relations and prolong the division of the two sides.

In the interest of reunification, as pointed out recently by Premier Lien Chan, Beijing must abandon its big brother mentality and cease to treat Taiwan like the big fish swallowing the small one.



## Hong Kong

### Governments To Try To Control Level of Home Prices

HK0104111994 Hong Kong SOUTH CHINA  
MORNING POST in English 1 Apr 94 pp 1, 2

[By Doreen Cheung in Beijing and S.Y. Yue]

[Text] Both the Hong Kong and Chinese governments moved yesterday to begin implementing measures to cool property speculation and bring flat prices back to affordable levels.

A top Chinese official revealed that Beijing intended to ensure that another huge slice of land would be made available this year for the construction of homes.

Chinese delegates on the joint Land Commission were yet to reply to this year's land programme submitted by Britain earlier this year.

The supply of land has been singled out as the most important measure capable of taking the heat out of the property market, which has seen speculators push home prices far beyond affordable levels.

A deputy director of the State Council's Hong Kong and Macao Affairs Office, Chen Ziyang, indicated no less than 100 hectares would be approved this year.

The Hong Kong Government, which has also pledged to release more new land for development, yesterday suggested that measures might be taken to speed up the construction of flats on existing sites re-zoned for residential use.

It warned that construction firms might be forced to finish re-development projects within three years if evidence of hoarding were discovered.

The Acting Secretary for Planning, Environment and Lands, Canice Mak Chunfong, said the three-year requirement at present applied only to new land.

"If we find developers are holding up land after approval is given to change its use and to redevelop the area, we will extend the building covenants which require construction to be completed within three years," he said.

Moreover, if the developer of a redevelopment project wanted to sell flats before construction was completed, he might be subject to the same restrictions as developers of new land.

"Through a consent scheme, the Government can make sure the pre-sold flats are completed according to schedule. This will reduce room for speculation by such means as holding up the construction of a certain number of flats to inflate prices," Mr Mak said.

More than 130 hectares of land, 60 per cent of the land supply last year, came from re-development.

If China approves at least 100 hectares of new land, the supply for the year would be more than double the 50 hectare limit stipulated in Annex Three of the Joint Declaration.

And it would be the third consecutive year that Beijing has agreed that the land grant should substantially exceed the limit.

The land grants for 1992/93 and 1993/94 were 159.3 hectares and 127.8 hectares respectively.

All new land must be approved by the Land Commission and half the money goes to the Land Fund, which is for the use of the Special Administrative Region government after 1997.

Mr Chen called on the Hong Kong Government to cool the heated property market and inflation.

"Not long ago, Governor Chris Patten said he would act to suppress the prices of consumer goods and property. We look forward to the practical and viable proposals he is going to make," he said.

It would take some time for the Chinese delegates on the Land Commission to study the British proposals, which carried detailed information on individual sites, said team leader Chen Rongchun.

Despite the fact that the land body would normally meet in March, the Chinese chief told the PWC [Preliminary Working Committee] that last year's session was held in May.

Leader of the Chinese Land Commission team, Mr Chen Rongchun, attributed spiralling property prices to the economic boom in Hong Kong and southern China, according to a Preliminary Working Committee (PWC) economic sub-group member, Tam Yiu-chung.

He did not refer to hoarding of completed flats by developers or to speculation by China-funded companies, Mr Tam said.

The director of the State Council's Hong Kong and Macao Affairs Office, Lu Ping, has criticised China-funded enterprises' speculation in Hong Kong's property market.

Mr Tam quoted Mr Chen Rongchun as saying it was estimated that China-funded enterprises' market share in property transactions had been six percent.

Mr Mak said the Government was surveying large housing projects completed in recent years to find out the vacancy rate and the length of time of vacancy.

"We think many vacant flats are in the hands of speculators rather than developers. This is mainly due to the economic factor—that many people want to put their money into property as it is a good investment.

"Whatever measures we take, we will be very careful to balance individual rights to own property and the public concern on flat hoarding," Mr Mak said.

He said the Government would, in two months, come up with a package of comprehensive measures to bring down property prices.

#### Survey Warns of 'Exodus' 'If Things Go Badly' After 1997

HK0104103594 Hong Kong HONGKONG STANDARD in English 1 Apr 94 p 4

[Text] Hong Kong could face an exodus if things go badly after China recovers the territory in 1997, and many people would probably go to North America or Australia, a survey published yesterday indicates.

The opinion poll by the Hong Kong Transitions Project, a private academic research group, also found that Hong Kong people wanting independence or to remain under British influence outnumbered those wanting the territory to revert to China.

China has promised to keep Hong Kong autonomous for at least 50 years after 1997. But the poll, conducted early this year, shows that many doubt that the territory could survive the transition to Chinese sovereignty unscathed.

Forty-six percent of the respondents said they would try to leave if Hong Kong changed for the worse after China took over, and some 50 per cent had relatives abroad, mostly in the United States, Canada and Australia.

"If events were to turn bad in Hong Kong after 1997, it is likely that not only would millions seek to flee, other millions abroad would open their arms to receive them," the poll report said.

But the poll also found that the number who said they would stay no matter what happened after 1997 climbed to 43 percent from 38 percent in a similar poll a year ago.

More than 50 percent expressed concern over personal freedoms and politics after China takes over and 10 percent said they were very worried, the poll said.

"Generally, those who are less worried are less educated, women, older persons and those born in China," it said.

Forty-nine percent wanted Hong Kong to have independence, remain British or become part of the Commonwealth.

But the number who support the Chinese takeover climbed to 44 percent from 26 percent questioned in 1991. Seven percent didn't know.

The poll also said the Sino-British row over politics would dampen voter turnout in the 1995 elections, Hong Kong's last year under British rule.

The telephone poll of 636 people, conducted in January and February, had a margin of error of four percent.

#### RENMIN RIBAO Rejects UK White Paper on Talks

HK2103123094 Beijing RENMIN RIBAO in Chinese 18 Mar 94 p 10

[Article by Zheng Yan (6774 6056): "Where Is the British Side's sincerity in Holding the Talks?—Commenting on the White Paper 'Representative Government in Hong Kong'"]

[Text] After the British side published its white paper "Representative Government in Hong Kong" (hereinafter "White Paper"), the Chinese Foreign Ministry made public the truth of several major issues discussed by the two sides in the Sino-British talks on the 1994-95 election arrangements in Hong Kong (hereinafter the "truth"). The "truth" hit home by pointing out that the British side had no sincerity for the talks and deliberately sabotaged them. Then, the British side could do nought but defend itself once again, saying that "the Chinese side often blamed the British for having no sincerity for reaching agreement on the political structure but that this was absolutely not true in reality."

What, then, are the real facts?

#### The British Side Damaged the Foundation for the Sino-British Talks

On 13 April last year, China and Britain eventually decided to hold the talks for which the Hong Kong people had ardently hoped. That day, the Chinese and British Governments jointly announced their decision as follows: "According to a decision made by the Chinese and British sides after discussion, the representatives of the two governments will begin talks on 22 April 1993 in Beijing on the 1994-95 electoral arrangements in Hong Kong according to the Sino-British Joint Declaration, the principle of converging with the Basic Law, and the relevant agreements and understandings already reached by the two sides." In short, the foundation for the Sino-British talks was the abovementioned three principles. However, the 17th paragraph of the "White Paper" flatly denied that agreements and understandings had been directly reached by the Chinese and British foreign ministers in early 1990 on the 1995 electoral arrangements in Hong Kong, saying that "there was no agreement on electoral arrangements for 1995 and the issue has been left open for future discussion." This was a brazen negation of historical facts.

As a matter of fact, in early 1990, the work of drafting the Basic Law entered its final stage and the Drafting Committee would soon make its final decision on the political structure of the Hong Kong Special Administrative Region [SAR]. Although the drafting of the Basic Law was China's internal affair, so that things would be more favorable to Hong Kong's smooth transition and to the smooth transfer of government, and also because British Foreign Secretary Hurd had expressed his hope that "an understanding can be reached on the development of the political structure before and after 1997,"



the Chinese side still discussed with the British side by exchanging correspondence (written messages) between the foreign ministers of the two countries. The subjects under discussion included the number of seats in the council, the composition of the Election Committee, the voting procedures in the legislature, and the nationality requirements for members of the Legislative Council [Legco]. The seven diplomatic documents which have been made public clearly show the discussion process between the two sides and the agreements and understandings which were reached.

For example, regarding the number of directly-elected seats, the British held that the number of directly-elected seats in the 1991 Legco should be not less than 18, requiring that there should be 24 directly-elected seats in the first SAR Legco in 1997. According to the consensus reached by the Basic Law Drafting Committee, the Chinese side held that there should be 20 directly-elected seats in the 1997 Legco; 24 in 1999; and 30 in 2003. At the same time, Foreign Minister Qian Qichen said in his letter to Foreign Secretary Hurd: "In order to realize the convergence of the political structure before and after 1997 and ensure the smooth transfer of government, the Chinese side is willing to consider the British side's idea of increasing the number of directly-elected seats from 15 to 18 in 1991." On 12 February, Foreign Secretary Hurd sent a letter to Foreign Minister Qian, the third paragraph of which reads: "I am now ready to confirm an understanding with the Chinese Government as follows. If the final version of the Basic Law specifies 20 directly-elected seats in the SAR legislature in 1997, 24 in 1999, and 30 in 2003, then the British Government is ready to limit the number of directly-elected seats in the 1991 direct elections to 18." The final version of the Basic Law specifies the numbers of directly-elected seats of the Legco from 1997 to 2003 according to the consensus of the Basic Law Drafting Committee and the abovementioned understanding between the Chinese and British sides.

The "White Paper" admitted only that the 18 directly-elected seats in 1991 were arranged according to the "common view" of the Chinese and British sides. We must then ask the British side: Did the number of 18 directly-elected seats just drop from the sky? Mr Hurd, Britain's foreign and commonwealth secretary, used explicit words in expressing the understanding. The British side agreed to set 18 directly-elected seats in 1991 precisely under the precondition that there would be 20 such seats in 1997, 24 in 1999, and 30 in 2003. The four figures in the agreement reached by the Chinese and British sides were inseparably linked together with the concrete process of democracy in Hong Kong. Otherwise, the "18 seats" would become a mysterious number that could not be understood.

Why did the British side only acknowledge that the 18 directly elected seats in 1991 represented the "common view" of the Chinese and British sides? People should not think that the British side still had a fragmentary memory of the agreements and understandings reached between China and Britain. No, that is not true. For the British side, it would be the best thing if this was also

negated. However, if they really did this, it would be hard for them to explain the introduction of 18 directly-elected seats to the 1991 Legco election. This was the painful and embarrassing reason why the British side had to admit that the 18 seats represented a "common view" of the Chinese and British sides.

In the talks, the British side was also faced with a question it had to answer. How many directly-elected seats should there be in the 1995 Legco? According to the agreement reached by the foreign ministers of the two countries in early 1990, there will be 20 seats in 1997; so it is logical that there should also be 20 seats in 1995. The British side refused to admit this simple fact until the third round of the talks and only then very reluctantly.

As another example, the issue regarding the composition of the Election Committee was discussed repeatedly. The letter of reply sent by the Chinese side on 8 February 1990 explicitly said: "The components and proportions must be arranged according to the second point of the Basic Law's Annex I because Annex I was passed by the Drafting Committee Eighth Plenary Session by a two-thirds majority." On 12 February, the written message from Foreign Secretary Hurd to Foreign Minister Qian affirmed: "I agree in principle with the arrangements for setting up the Election Committee as you propose. The Election Committee may be set up in 1995 and the details of such arrangements can be discussed by both sides in due course." In the covering letter accompanying the abovementioned message, the British side explicitly indicated that no obstacles existed to both sides' cooperation on the issue of the Election Committee and also expressed gratitude for the Chinese side's efforts in this regard.

Things were written clearly in black and white and were absolutely not so vague as the "White Paper" said in that "the electoral arrangements were left open for future discussion."

In the talks, the British side continually insisted that the Chinese and British sides had not reached any agreement on the composition of the Election Committee; it also indicated that the British side was willing to consider the concrete arrangements proposed by the Chinese side according to the terms specified by the Basic Law Annex I. That is to say, in the 1993 talks, the British side refused to implement the agreement and understanding reached by the two sides in early 1990 on the composition of the Election Committee and would only give consideration to the package as a concrete program proposed unilaterally by the Chinese side. Such tricks by the British side have rarely been seen in the history of world diplomacy.

The British side's denial of the fact that the Chinese and British sides had reached agreements and understandings on the arrangements for the 1995 Legco elections directly shook the foundation for the talks, making it impossible for them to move along a correct course. This also fully showed that the British side was hypocritical when agreeing to the "common foundation" for the talks. If they refused to even acknowledge the existing

agreements and understandings on the concrete arrangements for the 1995 elections, how could they have any sincerity? Here, we must ask the British side: As you agreed that the talks be held on the basis of the three principles, to what specific things do the "relevant agreements and understandings reached by China and Britain" refer?

#### **Deliberately Complicating Things Shortly After the Beginning of the Talks**

As their name indicated, the "Sino-British Talks on the 1994 and 1995 Electoral Arrangements in Hong Kong" were aimed at ensuring the convergence of the electoral arrangements for the last Legco, the two municipal councils, and the district boards under the British Hong Kong authorities with the Basic Law and the relevant stipulations made by the National People's Congress [NPC] so that members of the three-tiered councils could remain there after 30 June 1997, thus making things more favorable to Hong Kong's smooth transition and the smooth transfer of government. Therefore, the subject of the talks was clear and definite.

However, the British side deliberately complicated things in the first round by raising three subjects beyond the scope of the talks for discussion with the Chinese side. They demanded that consultation be held on the Hong Kong members of the Hong Kong SAR Preparatory Committee; that the Chinese Government guarantee its support for the election of all members of the Legco by universal suffrage in 2007; and that the Chinese side be ready to use the same model of the 1995 Election Committee to form the selection committee for the first SAR chief executive in 1997 and the election committees for other chief executives after 1997.

The issue of Sino-British consultation about the Hong Kong members of the SAR Preparatory Committee. The decision made by the Seventh NPC at its third session in April 1990 already specified the composition of the preparatory committee and that all its members will be appointed by the NPC Standing Committee. This is a matter within China's sovereign power and is not open to Sino-British consultation.

The issue of electing all Legco members by universal suffrage in 2007. This matter will arise 10 years after the establishment of the SAR and will be decided by the SAR on its own. This point has also been explicitly specified by Annex II of the Basic Law. The Basic Law is the fundamental law of the Hong Kong SAR and Hong Kong affairs after 1997 will also be handled on the basis of, and in accordance with, the Basic Law. The issue of whether or not there should be Chinese Government support does not exist.

The issue of taking the 1995 Election Committee as the model. The form of composition and the method of forming the selection committee for the first SAR chief executive and the election committees for later chief executives have all been specified by the NPC decision

and the Basic Law annexes. The British side have no right to propose any unified model.

The British side's intention in raising such questions was obvious. In the tactical aspect, the British tried to set artificial obstacles to the talks, stalling for time so that the talks would not be able to achieve any result before the deadline set by the British side beforehand. Thus, it would be able to find a pretext for terminating the talks. With regard to the aim of the talks, the British side not only tried to seek an electoral arrangement favorable to itself but also tried to gain more by interfering in affairs within the autonomous jurisdiction of the future SAR. Does this show any sincerity from the British side?

#### **How Did the Sino-British Talks Break Down?**

Here, I would like to outline the rough course of the breakdown of the Sino-British talks according to what I know.

In order to break the deadlocked situation in the talks and to achieve positive results as soon as possible, the Chinese side proposed that the talks on the 1994 1995 electoral arrangements in Hong Kong be carried out in two phases. The electoral arrangements for the district boards and the two municipal councils, which should be easier to handle and were also more pressing, were to be discussed first and settled. The talks could then concentrate on the more complicated arrangements for the Legco elections. The Chinese side then took the initiative and proposed a five-point verbal understanding during the 15th round on 28 October 1993. This proposal was as follows:

1. The British side promises to keep their nature as organs without political power and functions of the district boards and the two municipal councils unchanged so that they will converge with the relevant provisions of the Hong Kong SAR Basic Law.
2. The British side agrees to abolish the relevant provisions of the regulations on the elections for the district boards, the two municipal councils, and the Legco which prevent deputies to the people's congresses at various levels in the PRC from being elected. While revising the relevant electoral regulations, the British side will continue to maintain the provision prohibiting members of the national assemblies or councils in other countries and regions, and salary-earning officials from other countries and regions, from entering Hong Kong's Legco, district boards, and the two municipal councils.
3. Both sides agree to lower the voting age from 21 to 18.
4. The Chinese side has no objection to the British side's adoption of a "single-seat, single-vote system" for the district board and municipal council elections.
5. The British side believes that appointed seats in the district boards and in the two municipal councils should be removed from the 1994 and 1995 elections. The Chinese side holds that an appropriate percentage of appointed seats be maintained in the 1994 and 1995



district board and municipal council elections; the number of appointed seats in the district boards and the two municipal councils will be decided by the Hong Kong SAR Government on its own according to Article 98 of the Basic Law, after 30 June 1997.

On 3 November, through diplomatic channels, the British side handed over its draft of the Memorandum of Understanding according to the abovementioned five-point verbal proposal with an explanation which stated: The copy drafted by the British side only made an essential change to one point in the five-point proposal put forward by the Chinese side. That is, the "single-seat, single-vote" system will be applicable to the elections of the district board, the municipal councils, and also the Legco. Apart from that, the British side accepted the entire contents of the Chinese side's proposal.

As for the fifth point, the formula drafted by the British side was worded as follows:

5. The British side propose that the system of appointed membership of district boards and municipal councils should be abolished with effect from September 1994 and March 1995 respectively. The Chinese side have proposed that a certain proportion of the membership of these bodies should remain appointed, pointing out that on or after 1 July 1997 the Hong Kong SAR authorities, in accordance with Article 98 of the Basic Law, will determine on their own what the number of appointed members of district boards and municipal councils should be.

The above quotation showed that the British side had already accepted the solution proposed by the Chinese side and this is evidenced by both the British side's expression and the specific wording of the copy it delivered to the Chinese side. Thus, it is expected that results might be achieved in the "separate" settlement of the electoral arrangements after the Chinese side's tremendous efforts for the proper settlement of the difficult issue concerning the appointment system. At this moment, however, the British side once again created new trouble by demanding that the voting method for the 1995 Legco elections also be written into the fourth point of the understanding. This abruptly sharpened and complicated the matter at issue.

On 5 November, through diplomatic channels, the Chinese side made its initial response to the copy delivered by the British side on 3 November and indicated that an official reply would be made some time later. The Chinese side indicated: It is "improper" to extend the "single-seat, single-vote" electoral method to the geographical direct elections for Legco as the British draft suggested. The voting pattern for the Legco direct elections should be further discussed and separately arranged when the two sides concentrate the talks on the Legco electoral arrangements.

The British side expressed disagreement, and stressed that the first-stage agreement must include the voting method of "single-seat, single vote" for the geographical direct elections for Legco. It indicated that this was a

point of "substance" for the British side. Otherwise, it would not be a "balanced" agreement for the British side and would not be "attractive."

In order to strive for an agreement and to solve the so-called "balance" issue about which the British side was concerned, the Chinese side made renewed efforts on the second day of the 17th round, proposing that the five-point understanding between the two sides might exclude the Legco electoral arrangements. The Chinese side then handed over two versions of the draft understanding for the British side to select from. After considering them, the British side said privately that it could not accept any understanding excluding the voting method for the Legco elections. Then, it flatly rejected the drafts handed over by the Chinese side. In the following plenary meeting, the negotiating representative of the British Government read a prepared statement, saying that: "From the instructions I have received, I am not authorized to continue the discussion on the first-stage understanding." Thus, the British side first departed from the negotiating table; at the same time, they continued to hypocritically express their willingness to hold the 18th round of the talks on more extensive and more complicated arrangements for the Legco elections. After that, the British side took a series of unilateral actions to finally and tightly close the door on the talks.

In order to shirk responsibility for damaging the talks, the British side later even talked a lot about the omission of the words "on its own" by the Chinese side from its draft in the 17th round of the talks. Paragraph 42 of the "White Paper" says: The omission of the words "on its own" after the reference to the Hong Kong SAR Government "did not mean that the SAR Government would in future determine on its own whether or not to retain or abolish appointed seats; that decision would be for 'the Chinese side.'" This was an out-and-out distortion! The Chinese side omitted the words "on its own" in order to make the version more concise. Despite the omission, the action will still be made by the SAR Government, and the meaning of the sentence has not changed at all. As a matter of fact, when the Chinese side handed over the draft with the omission of the words "on its own," the British side did not discuss anything with the Chinese side. If in the course of discussion, the British side had demanded that the words "on its own" be written back into the text, it is believed that it would not have been hard for the Chinese side to accept this. However, as the British side had made up its mind to terminate the talks, it had no interest in further discussing anything with the Chinese side. The misleading interpretation of the omission of the words "on its own" by the Chinese side in the "White Paper" was merely a pretext that the British side later found for shirking its responsibility for undermining the talks.

"Whether going up to the heavens or going down to the netherworld, nothing can be seen at all." [ancient Chinese verse quoted from unknown source] Where was the sincerity the British side advocated repeatedly?

All the facts are plain: The British side stubbornly stuck to the package dished out by Chris Patten and had no sincerity at all from beginning to end; still less did it want to reach any agreement. In the talks, the British side employed the following tactics: Damaging the foundation for the talks by means of generally affirming and concretely negating the principles; trying to rediscuss agreements and understandings which the two sides had already reached; imposing subjects irrelevant to the theme of the talks, thus causing trouble for the Chinese side and stalling for time. At the same time, the British Hong Kong authorities put into practice a number of electoral affairs which should be discussed by the two sides, thus disrupting the talks. When the talks were delayed to the deadline set by the British side, it continued to find new pretexts to terminate the talks. They then proposed talks on more complicated issues in order to shirk responsibility for damaging the talks. It then brought the Patten package to the Legco "piece by piece" according to its established plan. This was the course traversed by the British side in the 17 rounds of the talks over seven months.

#### **RENMIN RIBAO Further Criticizes UK White Paper**

*HK2103141094 Beijing RENMIN RIBAO in Chinese  
18 Mar 94 p 10*

[By Shi Da (2514 6671): "What Kind of Stuff Is the British Side's So-called 'Being Fair and Open?'—Also Commenting on the White Paper on 'Representative Government in Hong Kong'"]

[Text] Not long ago, without consulting its Chinese counterpart, the British side published a "White Paper" entitled "Representative Government in Hong Kong" and unilaterally made public its carefully drawn up contents of the talks. If one reads the "White Paper," one immediately finds that the whole thing is wrapped in a beautiful and ear-pleasing phrase—"being fair and open." Why does the British side have such a partiality for the phrase? What actually are they all about? Is their election proposal as "fair and open" as they have trumpeted? These are questions this article intends to answer.

First of all, let us have a look at the statements in the "White Paper" on several important issues relating to elections.

On the election of functional constituencies, completely ignoring the understandings which China and Britain had reached and the Basic Law's clear stipulation that the election of functional constituencies will be by indirect elections, the "White Paper" states: "The British Government and the Hong Kong Government maintain that the functional constituency system must meet the conditions of being fair and open" and "as far as the newly added nine functional constituencies are concerned, the governor suggested that the simplest and most fair way was to let them embrace all the working population. On this basis, the governor suggested setting up nine additional functional

constituencies by continuing to adopt the existing method of determining trades and professions." It was precisely under the pretense of the so-called "being fair and open" that the British side violated its original intention to design functional constituency elections and set up nine new functional constituencies on the basis of trades and professions, thus expanding the electorate of functional constituencies from under 100,000 to 2.7 million people overnight. At the same time, the British side changed the corporate voting into individual voting. In this way, functional constituency elections have become direct elections based on trades and professions in a certain form. Although during the process of talks the British side made some revisions on its proposal, it still stuck to its own basic stand. In this regard, the "White Paper" explains: The revised British side's proposal "accords with the minimum requirements of fair and open functional constituencies."

On the formation of the election committee issue, China and Britain concluded an agreement as long ago as early-1990, namely, the election committee will be formed in accordance with the number of members from various sectors and ratio as stipulated by Annex I, Article 2 of the Basic Law. However, in its "White Paper," the British side flatly denied it, arguing that both sides "have not reached any agreement" and attacking the Chinese proposal to form the election committee in accordance with the formula prescribed in the Annex I, Article 2 of the Basic Law as "not meeting the necessary requirements and therefore cannot provide a fair and open election method." The "White Paper" says: "The election committee itself should be composed of the people who are elected in Hong Kong in an open and fair way." It was precisely according to this logic that the British side suggested that the election committee "be composed entirely or partially of directly elected district members." During the talks, through patient reasoning from the Chinese side, the British side agreed to act according to the relevant stipulations of Annex I, Article 2 of the Basic Law concerning the number of members from the first three sectors and the ratio of the election committee but persisted in replacing the people from the fourth sector prescribed in Annex I, Article 2 of the Basic Law with the representatives of regional organizations. One of its reasons was that the Hong Kong deputies to the National People's Congress and Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference in this portion of people "are not elected in Hong Kong in an open and fair way."

On the issue of voting method to be used in direct elections for the district boards, the "White Paper" terms the single-seat, single-vote system which the British side persisted in adopting as an important content of "fair and open" elections and attacked the multiple-seat, single-vote system which was proposed by the Chinese side as "unable to provide a fair and open system."

On the election of district boards and two municipal councils, the "White Paper" says: "In October 1992 the governor proposed that all members of district boards and municipal



councils be directly elected" and the "governor's proposal completely accords with open and fair elections."

From what we have cited above we can clearly see that the trick practiced by the British side in its "White Paper" is to replace and make a figurehead the three principles on which China and Britain had decided through consultations to conduct their talks, including the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreements and understandings which China and Britain had agreed, to use the argument of "being fair and open," an out-and-out subjective thing, as a yardstick with which to weigh things and judge right and wrong. In this way, the British side will be able to act as it wishes—all proposals which are put forward by the British side are "fair and open" and all proposals which it opposes are not "fair and open," thus achieving the objective of Chris Patten's "three violations" political reform package. This is the real reason the British side has such a partiality for, and has preached endlessly about, the argument of "being fair and open."

Is the election proposal put forward by the British side actually in complete conformity with the alleged standard of "being fair and open?" Let the facts speak for themselves.

On the election of functional constituencies. Of the nine new functional constituencies, four include employees who are trade union members. They are the public utility and telecommunications constituency, the recreation and service trade constituency, the land, construction engineering, housing, and building industry constituency, and the fishery, agriculture, mining, and manufacturing constituency.

The British side separated this small number of employees from Hong Kong's 850,000 working population and adopted a different voting method from the two labor seats in the existing 21 seats (the British proposal is to expand from the original labor community's voting method of one trade union, one vote into one trade union secretary, one vote and adopt a one-person, one-vote method among the nine new constituencies). This method is both unfair and unreasonable. Moreover, in certain constituencies, the British side lumped together employees in a certain trade and employers or professionals in the trade. Whose interests do council members elected this way actually represent? This way of doing things adopted by the British side can hardly be said to be fair. Moreover, considering that Hong Kong's current commercial community is composed of three aspects: Foreign capital, foreign nationals of Chinese origin in Hong Kong, and China-funded enterprises. The first two capitals have their representatives in Legco and only China-funded enterprises do not have any representative in the council, the Chinese side suggested nominating the "Association of Chinese-Funded Enterprises" as a functional constituency. However, the British side tried every possible means to reject the proposal, adopting a discriminatory attitude toward China-funded enterprises. Can this be justified as being fair? Moreover, in its

"White Paper," the British side says: "The Chinese side wants to adopt electoral arrangements with more restrictions and a much smaller number of voters. Of the functional constituencies they suggested, the smallest constituency has just under 100 voters. Under this arrangement, elections can possibly be manipulated." However, in fact, among the existing functional constituencies in the Legco, the number of voters of two functional constituencies is much smaller than that of the functional constituency suggested by the Chinese side. Moreover, it was precisely one of the two functional constituencies that was manipulated in the 1991 elections. Instead of examining its own conscience, the British side made such an accusation against China. This way of doing things is too far away from being fair.

On the election of the election committee. The British proposal was that the election committee would be composed of 346 district board members who were directly elected. This means that the 346 members would elect 10 Legco members. In this way, so long as 35 district board members join hands, they will be able to elect a Legco member. In fact, for one to become a Legco member, it will be not an especially difficult job for him or her to find a way to garner the support of 35 district board members. The British side attacked the Chinese proposal saying that "the scope of voters is so small that it will possibly lead to corrupt and fraudulent practices." Is this precisely not its own portrayal? This British so-called "fair and open" proposal is really too bad to be complimented.

On the voting method of direct elections based on districts. In the "White Paper," the British side termed its own single-seat, single-vote system as an important content of "fair and open" elections and attacked the Chinese proposal of multiple seat, single vote because "it cannot provide a fair and open system." This British argument completely does not hold water. A single-seat, single-vote system is a majority voting system. But it has a shortcoming, namely, the emergence of "an excessive gain in seats" or "an excessive loss of seats." As society develops, many people maintain that this method is unfair and it is a violation of democratic principles and a proportional representation system has thus been designed. The multiple-seat, single-vote system is the mixture of the majority voting system and the proportional representation system. From the viewpoint of the development of voting systems, the multiple-seat, single-vote system must be said to be more fair than the single-seat, single-vote system. In fact, all voting systems have their own strong and weak points. It is hard to say which one is more fair and reasonable than the other. Hong Kong must proceed from its own realities in adopting its voting methods.

On the issue of appointed seats in district boards and municipal councils. Chairmen and members of the Hong Kong District Boards and the two municipal councils universally opposed the elimination of appointed membership. Ignoring their demands, the British side acted willfully and persisted in eliminating appointed membership. With this practice, it is out of the question for

the British side to speak about "being fair and open." Moreover, the practice runs counter to the remark the British side has repeatedly uttered in its "White Paper" that "we abide by the will of the Hong Kong people."

In the "White Paper," to shirk the responsibility for breaking the talks, the British side tried every means to conceal the real situation in the talks. Not only did they wantonly distort and attack the Chinese side's position but also deliberately cut out many important details detrimental to itself. At the same time, it created various false impressions to cheat good and honest people. Sham is sham and the mask must be stripped off. The British side has repeatedly talked glibly about "being fair and open" but the more it tries to cover up its real intentions, the more exposed it becomes.

### Macao

#### Macao Marks 1st Anniversary of Issuing SAR Basic Law

OW3103153694 Beijing XINHUA in English  
1458 GMT 31 Mar 94

[Text] Macao, March 31 (XINHUA)—A four-day exhibition marking the 1st anniversary of issuing of the Basic Law of Macao Special Administrative Region (SAR) opened here today.

Sponsored by Macao Association for Promotion of the Basic Law of Macao SAR, the exhibition consists of four parts including a preface, making of the Basic Law, brief introduction of the Basic Law and one part meaning to seize opportunities to create a bright future for Macao.

Chui Tak-kei, chairman of the Macao Association for Promotion of the Macao Basic Law, said at the opening ceremony that as a fundamental and important law of Macao SAR, the Macao Basic Law bears supreme authoritativeness and binding force. He pointed out that in the remaining years before the transition of power in 1999, process of Macao's politics, economy and culture as well as other social sectors should converge with the stipulations of the Macao Basic Law.

He stressed that it has become an urgent task to popularize the Macao Basic Law so as to guarantee the smooth and proper implementation of the Basic Law after 1999, as well as the smooth transition and transfer of power in Macao in 1999.

Exhibition sponsor also expressed that more activities including tea parties and symposiums will be held within the year to publicize the Macao Basic Law.



**END OF**

**FICHE**

**DATE FILMED**

8 APR 1994

